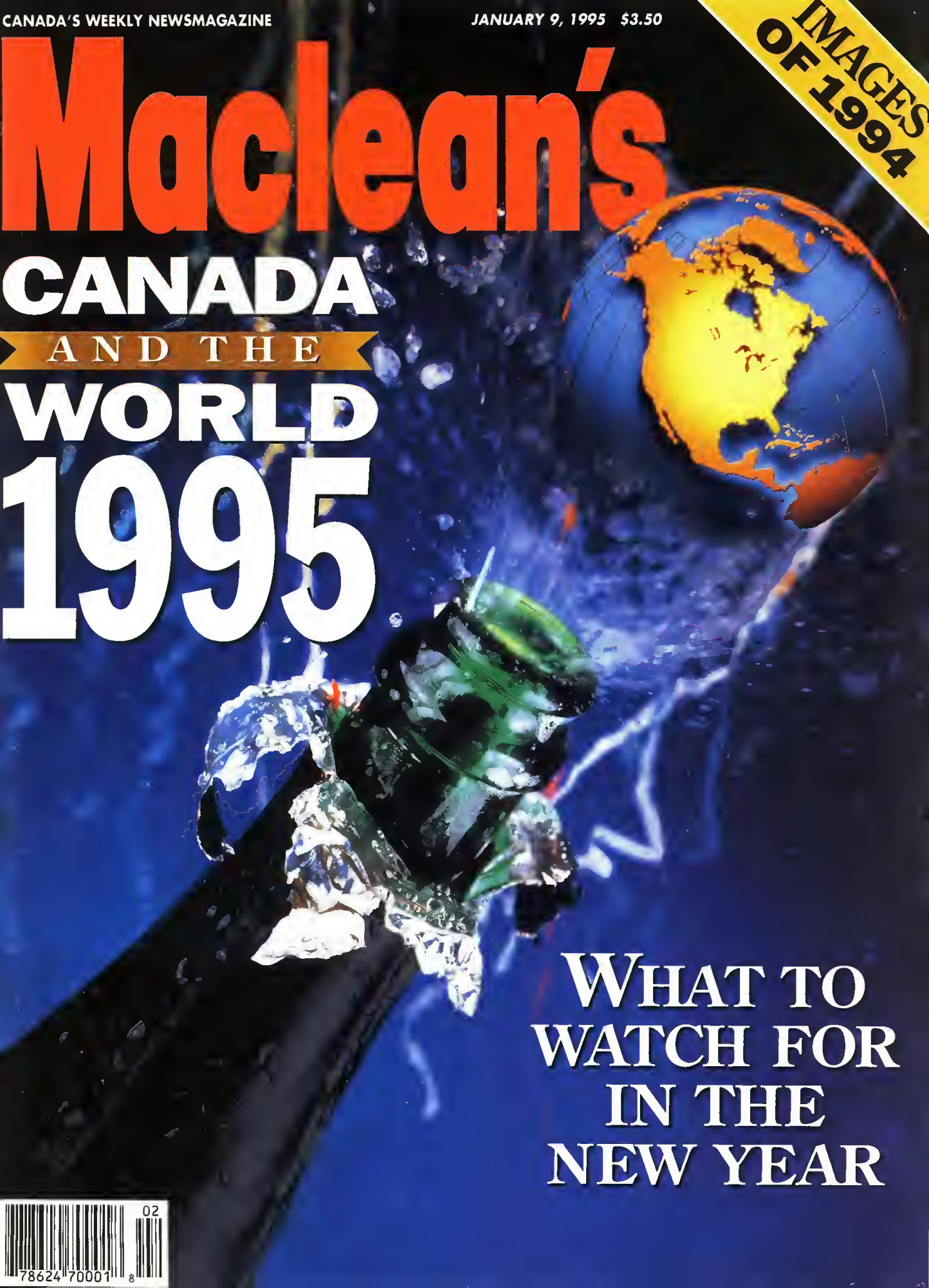
CANADA'S WEEKLY NEWSMAGAZINE

JANUARY 9, 1995 $3.50

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CANADA AND THE WORLD 1995



WHAT TO WATCH FOR IN THE NEW YEAR

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CANADA'S WEEKLY NEWSMAGAZINE
JANUARY 9 1995 VOL 108 NO 2

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Canadians should adopt some of the revolutionary spirit that is fuelling the Chechens' fight against Mother Russia.

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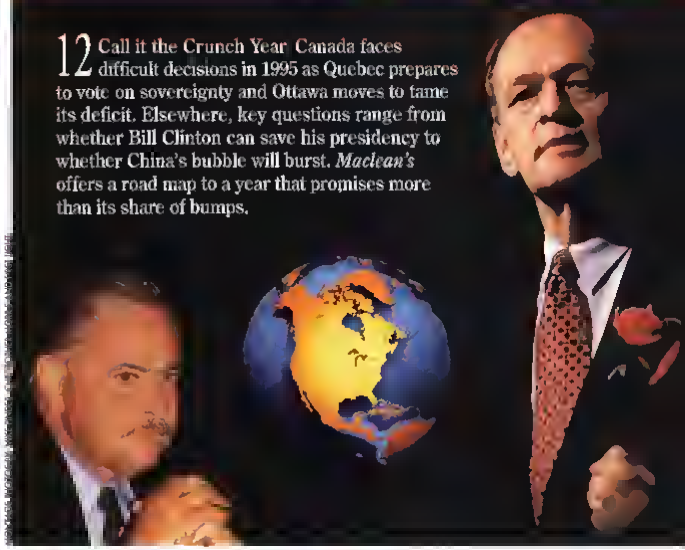
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Becoming a Canadian citizen is an event filled with emotion—and nostalgia.

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Canada and the world in 1995

12 Call it the Crunch Year. Canada faces difficult decisions in 1995 as Quebec prepares to vote on sovereignty and Ottawa moves to tame its deficit. Elsewhere, key questions range from whether Bill Clinton can save his presidency to whether China's bubble will burst. *Maclean's* offers a road map to a year that promises more than its share of bumps.





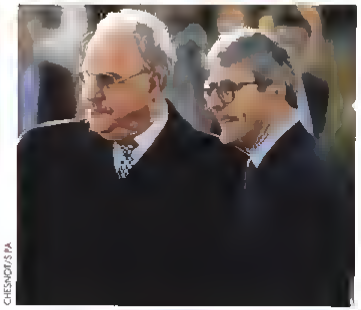
BRIAN SCHOER

Hooked on the game

30 High-tech gambling machines called Video Lottery Terminals have spread across the Prairies, pouring money into provincial government coffers, and raising fears that more and more people will become addicted to them.

Eurobashing

36 Britain's John Major and Germany's Helmut Kohl are finding themselves increasingly isolated in their campaigns for further European integration. Critics complain that the shift of political and economic powers away from national governments to the European Union has already gone too far.



CHESNOFF/SPA



This is the year . . .

Happy New Year, Canada. This is the year . . .

. . . for Quebecers to decide whether they want to be part of Canada, GATT, NAFTA and a larger family whose rules have allowed them to proclaim French as their only official language, send their goods to outside markets on roads, railways and the Seaway funded by all of Canada, protect and nurture their culture with, among others, a distinct agency of the federal government (the French CBC)—all the while controlling the prime minister's office for 25 out of the past 27 years.

. . . for Canadians to decide to stop bitching, moaning and complaining about everyone and everything—especially Quebec and immigrants—and to cheerfully embrace one of the most civilized, dynamic countries in the world, as recognized by countless international agencies and people of the world (save and except gloomy bond raters, jittery millionaires and opposition MPs in Question Period).

. . . for Canadians outside Quebec to refrain from stomping, torching, trashing or otherwise defacing a Quebec flag (at least until June 26, or thereabouts).

. . . for Canadians outside Quebec to park the B-word, as in "Let the buggers go . . ." (even if Jacques Parizeau continues to present the Feds with bills for expenses incurred in Quebec, such as cleaning up snowfalls that move east from Ontario).

. . . for politicians in Ottawa not to throw out what remains of Canadian culture with the deficit-quenching bathwater . . . for the federal government to do something, *anything* . . . for politicians and people everywhere to recognize that without Canadian content on television, radio and in print—to say nothing of on the stage—we are simply pale carbon copies of Americans.

. . . for Canadians not to twitch with every jerk by Mickey Kantor (the U.S. trade representative is only the latest in a long line of U.S. government officials who evince a complete disdain for borders other than their own, or any sense that Canada should have the right to pursue independent social and cultural policies).

. . . for everyone to lighten up, perhaps even to see the return of professional hockey and baseball (speaking of Canadian culture).

. . . for Canadians to stand up and be counted: one Canada—from sea to sea to sea—or 12?



PETA BREGG/MACLEAN'S

Phillips (left), Sabatini: the forces shaping our lives

In 1995, *Maclean's* will mark its 90th anniversary of publication—and its 20th as a newsmagazine—with a series of special reports and projects that will focus on the history of the country and the lives of the people. The first, in the current issue, looks back on a turbulent year and forward to the forces that will shape our lives in the year ahead. It was organized and overseen by Senior Editor Andrew Phillips and designed by Associate Art Director Giselle Sabatini.

1905 90 1995

Robert Lewis

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LETTERS

Role model roll

Kudos for your 1994 Honor Roll, a recognition of Canada's most valuable resource, its people ("Achieving Excellence," Dec. 26). The 13 individuals profiled are true role models our kids can look up to for leadership and inspiration. The youth of our country tend to identify professional athletes as heroes; perhaps these examples more accurately meet that definition.

Michael Albert,
Ottawa

I take this opportunity to express my thanks to those who selected Moyez G. Vassanji as a member of the 1994 Honor Roll. Ever since I did a research project on Vassanji during my undergraduate years, I have enjoyed his keen sense of creating historical intrigue as well as his ability to recover the often neglected history of the East African Indian community. His fiction is something for all readers to enjoy, appreciate and above all, remember.

Munsif Ali Bhimani,
Toronto

You chose a fine person—Myriam Bedard—to grace the cover of your 1994 Honor Roll issue. With all her success in the Winter Olympics in Lillehammer, being chosen Female Athlete of the Year and giving birth to her first child, it has been a memorable year for her. She has made Canada very proud.

Kevin Jordan,
Chatham, Ont.

On the Mistake

In his column of Dec. 12, Allan Fotheringham warmly reviews my wife's book *On the Take* ("Throwing the book at Mulroney"). But he states that in at least three passages Stevie Cameron disguises the fact that an aggrieved high civil servant who was forced out was her husband. In fact, she mentions my case in only one passage, and she does not say that I was forced out, because it is not true. I left the federal public service in 1985 for three reasons. I realized it would be difficult for my public service career to continue unimpeded while Stevie worked as an investigative reporter on the Hill. Second, I learned to my disgust that ministers and their aides were reviewing the alleged political affiliations of senior civil servants. Third, I received a job offer from the



CHRIS SCHWARZ/MACLEAN'S

Vassanji and son Anil: valuable resource

University of Toronto to become a vice-president and professor of political science.

David Cameron,
Toronto

Academic integrity

Your Dec. 19 article "Academe on trial" by Paul Kaihla left some readers with the impression that the University of Calgary and its president, Murray Fraser, were engaged in a secretive coverup of the investigation into Prof. Prem Fry's scholarly activity. Nothing could be further from the truth. Murray Fraser handled this case professionally and responsibly. There was never, as Kaihla states, a "secret arrangement sanctioned by president Fraser." Nor was there any attempt to "cover up the spectacle of a scandal." Murray Fraser initiated the disciplinary proceeding knowing full well the possible outcomes. As chair of the Board of Governors, I write to inform your readers that the board has unanimously endorsed the actions of president Fraser in this matter and has unanimously reaffirmed its recognition of his high integrity. We have complete confidence in our president. With respect to the academic journals, you should be aware that in February, 1993, Fry herself corresponded with the editors and advised them of the pending disciplinary action. The university was given copies of this correspondence by Dr. Fry in March, 1993, as part of the process. At no time did those editors contact the University of Calgary. *Maclean's* fails to grasp the distinction between secrecy and confidentiality. As an internal personnel matter, the investigation into Dr. Fry's research was conducted in absolute confidence in accordance with university policies. Furthermore, no "gag order" was imposed on anyone. We simply asked everyone involved—including Dr. Lytton, members of the investigating committee and the funding agencies—to respect the confidence of the process and all information *given to them by the university*. They remain free to publicly discuss any information obtained from other sources. I would also point out the different mandates of an investigating committee and an arbitration board. An investigating committee is formed to make a preliminary recommendation to the dean as to whether dismissal is warranted. The recommendation is then carried forward by the president to the board of governors. An arbitration board's role is to hear evidence and to determine guilt or innocence. No such final determination was ever made in this case. Throughout the investigation, Dr. Fry was eligible to retire, and when she elected to do so she received no special compensation or consideration. Her decision to retire effectively ended the potential arbitration proceedings and no disciplinary measures were imposed. The university has no authority over someone who is not an employee. At no time did the University of Victoria contact senior officials at the University of Calgary. President Fraser only learned of Fry's appointment to that university a few weeks ago. Finally, I would point out that most universities across Canada are only beginning to grapple with the complex issues of scholarly integrity. As a national leader in this regard, the University of Calgary some time ago initiated a thorough review of all its policies relating to research. That report, commissioned by president Fraser, is due early in 1995.

Richard F. Haskayne,
Chair, Board of Governors,
University of Calgary,
Calgary

"Academe on trial" confirms that the concept of academic excellence and integrity is now a smoke screen, covering the obscene scramble of the education establishment at the public trough. Educators declare schools to be reflections of society, and thus seek to evade responsibility for the product. On the contrary, society is now the victim of the educators.

A. G. Le Blond,
Ladysmith, B.C.

It seems odd, and ethically questionable, that Dr. Hugh Lytton, formerly of the University of Calgary, would make known his displeasure about the handling of the matter of Prof.



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LETTERS

Prem Fry by taking his story to *Maclean's* and permitting you to print, for national scrutiny, a letter sent to him in confidence by the president of the University of Calgary Less odd, perhaps, but even more ethically questionable, is your decision to publish this letter You should respect desire for privacy and confidentiality

Richard Ellis, Winnipeg

The accusation of scholarly misconduct cuts deeply into the values held by the academic community and the identities of those accused What has hopefully been learned by that most unfortunate event at the University of Calgary is that the innocence of individuals must be defended until proven guilty Hopefully, all universities will review their procedures so that an injustice such as this one will not be repeated elsewhere Professor Fry's outstanding reputation has been maligned and one wonders about the magnitude of distress she has experienced as a result of what appears to be little more than questions of doubt over a very small part of her scholarly achievements.

David W. Reid
Associate professor, York University, Toronto



PHOTO BY TOM HANSEN

Rock: trigger-happy gun freaks

Congratulations to Prof Lytton who took the time and effort to analyze and document the work of others and had the courage to report his findings to the dean Shame on president Fraser, his Board of Governors and their legal advisers, who lacked the moral fibre and the intestinal fortitude to step up to the mark with the same level of integrity

Patrick Sayeau, Red Lake, Ont

Jumping the gun

Justice Minister Allan Rock would have everyone believe that owning a gun makes you a threat to your family and your community ("Allan Rock's war on guns," Canada Dec 12) Someday you might "snap," he told us when in Yellowknife recently We resent being lumped in with the criminal element of society We doubt that registering guns in New Brunswick and the Northwest Territories will prevent crimes in Toronto And we wonder when the Liberals will catch on that when you offend one-quarter of the households of Canada there are consequences.

G. M. Hamre, Yellowknife

In his moves towards better gun control, we can only hope that Rock will not be influenced by the emotional and inflammatory stance of trigger-happy gun freaks The proposed registration of guns should be expanded to include not only the make, model and serial number of each weapon, but also the ballistic print. Each new gun, before it leaves the factory, should be test-fired and the resulting ballistic pattern on the bullet recorded. With such a procedure in place, police anywhere could connect a bullet with a particular gun and an individual owner Nothing is going to prevent killing, but this measure should make crimes involving guns easier to solve

Conrad Romuld, Saskatoon

In your article on proposed gun-control legislation, you suggest that the federal New Democratic Party caucus will oppose the bill While there is a range of views within caucus as to the desirability of a National Firearms Registry, the caucus has not taken any final position on this issue As for myself, unlike my colleague Chris Axworthy, I agree with the view of a majority of Canadians in every region of Canada who accept the importance of firearms registration as a significant step towards safer communities and fewer injuries and deaths from guns.

Svend Robinson, MP, Burnaby/Kingsway, B.C.

Whistling Dixie

Paul Anka ("Singing summit," Opening Notes, Dec 26) is now a citizen of the United States of America. It is therefore unseemly that he be part of a Canadian contingent put together to entertain the participants at last month's Summit of the Americas Apparently our government felt that Canada has no culture worth showing our American neighbors

Charles Burton, St. Catharines, Ont.

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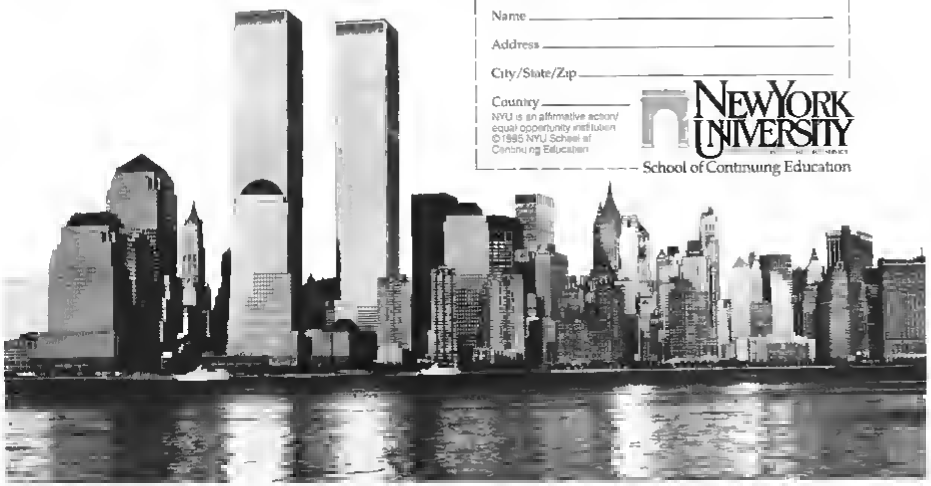
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OPENING NOTES

FOR ODD LANG SYNE

It was a year in which sheep rampaged, foot-licking was ruled legal and the TV show *Married . . . With Children* had a profound effect on at least one couple. In other words, 1994 was just as weird as any year. Once again, *Maclean's* editors present a selection of the telling and truly trivial



Elvis: odds are long for being found alive in 1995

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Al Bundy (actor Ed O'Neil) with wife Peg; Kelly (right): the eternal question

JANUARY In their summary of crime in 1993, Zimbabwean police report that murders were down 25 per cent from the previous year, while donkey thefts soared by 73 per cent.

FEBRUARY In the Thal Desert of Pakistan, 100 male camels, their owners and 10,000 spectators congregate for the annual camel wrestling tourney. Under strictly enforced rules, camels can butt heads and bite each other—but not on the genitals—until the loser runs off. No camel is seriously injured.

GRANT JOHNSON/CONSTOCK

MARCH While watching the Fox TV show *Married . . . With Children* in their Toronto home, 23-year-old Sajid Bhatti and his common-law wife, unidentified in reports, argue over who is better looking—Peg Bundy (played by actress Katey Segal) or her daughter, Kelly (Christina Applegate). During the four-hour squabble, Bhatti stabs his wife in the chest, back and legs and nearly severs her left arm—but only after she has attacked him with a broken wine bottle, breaking his arm and inflicting a massive injury to his groin, which later requires 50 stitches.

APRIL At the World Hockey Championships in Italy, Canada defeats the Austrian team 6-1. After the game, Austrian goalie Michael Suttnig, who was pelted with 39 shots from the all-star Canadian squad, said: "It was an honor to face so many shots from great players."

MAY James Herriot, author of such animal-loving British classics as *All Creatures, Great and Small*, is attacked by a herd of black-faced sheep as he tries to stop them from eating plants in his Yorkshire garden. Herriot, whose real name is Alf Wight, suffers a broken leg.

JUNE According to a survey of 20 Canadian cities' sewage-treatment systems by the Vancouver-based Sierra Legal Defence Fund, they dump the equivalent of 32 Exxon Valdez supertanker loads—500 billion litres—of sewage into Canadian waterways *every day*

JULY A poll of personal hygiene habits reveals that one in four British men wears the same pair of underpants at least twice before washing them, and that a "rather nasty" one per cent wear the same pair all week. The poll, conducted by a deodorant-maker, also found that one-third of Welshmen and one-quarter of Scots habitually go without bathing for three or more days.



JON WYAND

Herriot: sheepish

AUGUST In Chesapeake, Va., the proprietors of a storage facility auction off the contents of a locker rented by one Gloria Torres, who failed to pay her $55 monthly rent. Among the contents: photo albums, Torres's wedding dress—and the cremated remains of her mother, stored in a black lacquered box. Somebody buys the box for $170.

SEPTEMBER Outraged by Indian government plans to import 2.7 million tons of high-grade manure from the Netherlands, about 100 farmers drive six oxcarts full of homegrown dung to the Parliament buildings in New Delhi and seek to gain public support with the stirring protest chant: "Indian dung is better than Dutch dung, and pesticide-free, too."

OCTOBER Judge Laura Jacobson of Brooklyn, N.Y., rules that paddling and foot-licking for money do not constitute prostitution. The defendant in the case is 300-lb. dominatrix Ms. A. "Her testimony was educational as well as entertaining," the judge writes in dismissing the charges.

NOVEMBER Harry Landlin of Peterborough, England, discovers a stale cheese sandwich in the back of a couch that he is breaking up for disposal. Beside the sandwich is a newspaper, dated October, 1925—meaning the left-over lunch, cheese and all, is more than 69 years old.

DECEMBER London bookmaking firm William Hill puts the odds that Elvis Presley will be found alive in 1995 at 500 to 1. Hill will take similar bets that the Loch Ness monster's existence will be proven this year. But for real risk-takers, the biggest odds—14,000,000 to 1—are on Elvis crash-landing his UFO into Loch Ness and hitting the monster. Hey, stranger things have happened.

BEST-SELLERS

FICTION	NONFICTION
1. **Politically Correct Bedtime Stories,** *James Finn Garner (1)*	1. **On the Take,** *Steve Cameron (1)*
2. **Open Secrets,** *Alice Munro (3)*	2. **Long Walk to Freedom,** *Nelson Mandela (2)*
3. **The Celestine Prophecy,** *James Redfield (2)*	3. **Crossing the Threshold of Hope,** *Pope John Paul II (4)*
4. **The Cunning Man,** *Robertson Davies (5)*	4. **Winnie-the-Pooh on Management,** *Roger E. Allen (7)*
5. **Original Sin,** *P. D. James (4)*	5. **Karen Kain: Movement Never Lies,** *Karen Kain (3)*
6. **A Son of the Circus,** *John Irving (7)*	6. **Murderers and Other Friends,** *John Mortimer (8)*
7. **A Discovery of Strangers,** *Rudy Wiebe (6)*	7. **The Hot Zone,** *Richard Preston (10)*
8. **Faith,** *Len Deighton (8)*	8. **James Herriot's Cat Stories,** *James Herriot (5)*
9. **Favourite Winter Stories from Fireside Al,** *Alan Maitland (9)*	9. **Riel,** *Maggie Siggins (9)*
10. **Insomnia,** *Stephen King (10)*	10. **Jean Beliveau: My Life in Hockey,** *Jean Beliveau (6)*

() *Position last week*

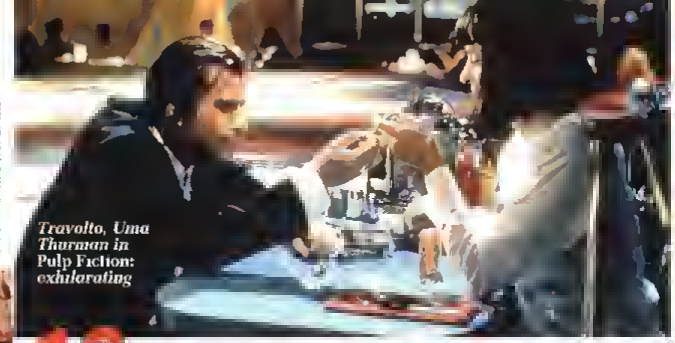
Compiled by Brian Bethune

POP MOVIES

Top movies in Canada, ranked according to box-office receipts during the seven days that ended on Dec. 29. (In brackets: number of screens/weeks showing.)

1. **Dumb and Dumber** (147/2)	$2,080,300
2. **The Santa Clause** (123/7)	$1,234,400
3. **Disclosure** (127/3)	$1,049,250
4. **Street Fighter** (83/1)	$955,260
5. **The Jungle Book** (92/1)	$830,680
6. **Richie Rich** (105/2)	$665,800
7. **Little Women** (70/2)	$589,570
8. **Speechless** (78/2)	$461,000
8. **Nell** (28/1)	$436,040
10. **The Lion King (reissue)** (126/6)	$428,140

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Travolta, Uma Thurman in Pulp Fiction: exhilarating

10 OF 1994'S BEST PICKS

The 10 best movies of 1994, as chosen by Maclean's *film critic Brian D. Johnson*



RICHARD FOREMAN



GARY BRIGMAN

Feore, Keanu Reeves and Sandra Bullock (above) in Speed: fun while it lasts

It was the year in which style beat substance to a pulp. After 1993's blitz of heavyweight dramas—including *Philadelphia*, *In the Name of the Father* and *Schindler's List*—in 1994, Hollywood played dumb, and dumber, romancing blank-slate simpletons in *Forrest Gump* and *Nell*. With a few notable exceptions, 1994's best movies came from outside the mainstream, from independent filmmakers—and, yes, from Canada.

1. Pulp Fiction Cool, cranked and exhilarating. With a syringe to the heart and a killer comeback by John Travolta, Quentin Tarantino drags film noir kicking and screaming into the daylight. The year's wildest ride. Period.

2. Exotica Atom Egoyan peels back the frontiers of voyeurism. A tax auditor confuses a babysitter and a babe-stripper in an onion-skin intrigue about rituals of grief and lust. Canadian Gothic at its best.

3. Caro Diario (Dear Diary) An amusing antidote to all of the above. Director Nano Moretti, the Italian Woody Allen, takes a deadpan odyssey through Roman streets, volcanic islands and medical hell. Sublime serendipity.

4. Thirty-Two Short Films About Glenn Gould Quebec's François Girard's innovative blend of drama and documentary plays like a posthumous self-portrait. Actor Colm Feore's free-style incarnation of Gould is superb.

5. Quiz Show Without undue moralizing, director Robert Redford restages the TV quiz show scandals of the 1950s. Smartly scripted, with great performances from Ralph Fiennes, John Turturro, Paul Scofield and David Paymer.

6. Spanking the Monkey One of two underrated gems about incest (with *The Cement Garden*). Novice director David O. Russell tacks adroitly between drama and comedy. Canadian actress Alberta Watson is sensational.

7. Naked As a gutter genius, David Thewlis talks a brilliant blue streak in British director Mike Leigh's excoriating vision of a world on the brink of apocalypse.

8. Three Colors: Red The final panel of Krysztof Kieslowski's tricolor series. A portrait of the artist as an old man, as witnessed by a young woman, with a plot as intricate as a Swiss army knife.

9. Reining Stones Purebred working-class realism from British director Ken Loach. A father (Bruce Jones) uses a loan shark to buy his daughter a communion dress. A Molotov cocktail of humor, pathos and high drama.

10. Speed Oh, why not. It was fun while it lasted.

Edited by BARBARA WICKENS

PASSAGES

VOTED: World champion figure skater **Elvis Stojko**, 22, Canadian male athlete of the year, by sports editors and broadcasters in a poll conducted by The Canadian Press. After defeating titleholder **Kurt Browning** for the Canadian men's title in January, Stojko went on to win a silver medal at the Lillehammer Winter Olympics and then the world championship in Chiba, Japan. In the balloting, Stojko received 42 first-place votes and 175 points compared with 18 first-place votes and 105 points for freestyle skier **Jean-Luc Brassard**, 22, a gold-medal winner at the Winter Games.



CANAPRESS

DIED: British playwright **John Osborne**, 65, whose 1956 drama *Look Back in Anger* set the tone for a generation of rebellious dramatists, of heart failure, in London. The five-times married Osborne, who won an Academy Award in 1963 for writing the screenplay for *Tom Jones*, thrived on his reputation as one of the most bitter critics of postwar British society.

DIED: **Rossano Brazzi**, 78, the Italian actor who was one of Hollywood's leading romantic men in the 1950s, from a virus, in Rome. Among his more than 200 movies were *South Pacific* (1958), *The Barefoot Contessa* (1954) and *Three Coins in the Fountain* (1954).

DELAYED: A sexual harassment suit by former Arkansas state employee **Paula Jones**, 27, against U.S. President **Bill Clinton**, 48, until after he leaves office; by federal district judge **Susan Webber Wright**, in Little Rock. Wright rejected Clinton's claim that, as President, he is immune from all civil actions, but said that since Jones waited nearly three years to file her suit, there was no need to proceed with an immediate trial. Jones claims that Clinton, while Arkansas governor in 1991, made an improper advance to her. Clinton denies the charge.

CANCELLED: By comedian **George Burns**, 98, a Jan. 20 performance at Caesars Palace in Las Vegas to mark his 99th birthday; on the advice of his doctors, in Los Angeles. His doctors said that Burns, however, who is recovering from surgery in September to drain fluid from his brain, is able to visit his office every day and still plans a 100th birthday show at Caesars Palace in 1996.

DIED: Businessman **Jean-Louis Lévesque**, 83, founder of the brokerage firm Lévesque Beaubien Inc. and a prominent breeder of race horses, in Montreal.

TRIMARK MUTUAL FUNDS PRESENTS

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Jack Bush
Colour Coat 1966
Acrylic on canvas
[illegible] 10 cm
Collection of
The Imperial Life Assurance
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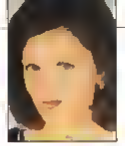
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COLUMN



Bold lessons from a faraway civil war

BY BARBARA AMIEL

When I went to meet my husband at his Toronto office last week, I noticed that a nearby building had a banner proclaiming it "Under Occupation." It turns out the "occupied" building houses Revenue Canada. The would-be occupiers are Indians objecting to a new regulation that would make them pay income tax, from which their brethren who live on reserves are exempt.

I was elated. Here is a cause that all Canadians can rally around: cut income taxes, reduce the GST, abolish the PST. Led by our robust native peoples, we could throw off the yoke that 30 years of statism has imposed upon us. But alas, our native peoples are a rather timid version of their ancestors. Once, they might have scalped the wretched tax collectors, now we can only hope that they will filibuster an issue to death as Manitoba's Elijah Harper did when he scuppered the Meech Lake accord.

The modern timidity of our native people may be explained by the yoke of civility necessary for a society to develop all the institutions of a functioning democracy, and while such civility has obvious advantages it also has drawbacks. Canadians seem especially prone to a loss of moral virility. Arriving in December from abroad, my eye was struck by large outdoor advertisements in Toronto featuring an infant playing on a seamless stretch of white sand. The ads read: "Cuba—The warmth you'll remember."

Pardon me? Isn't that the same country where just down the beach recently, citizens in the tens of thousands risked their lives to get away from one of the world's last two Stalinist regimes, the other being North Korea. Recently, the op-ed page of *The New York Times* featured a powerful plea by the exiled Cuban prize-winning poet Maria Elena Cruz Varela who was released from Castro's Gulag in 1993 and escaped to the United States. Her account of life in a police state conclude with the words "Here I am, 41 years old, my spinal column damaged as a result of the events of November 19, 1991 [the date of her arrest and beating], an irreversible vitamin deficiency acquired in prison, and an anxiety for my compatriots that does not leave me night or day. And over there is my country, an improbable raft in the middle of the ocean, waiting for a sign of hope before the inevitable shipwreck, trying to hear a coherent voice beyond the stale ideologies."

I wish we could inject a little of the Chechen spirit into Canadians, who show the conviction of dead fish most of the time

Well, she won't hear a coherent voice from Canada. I remember that pompous beacon of moral equivalency, Joe Clark, bravely urging Canadian media to impose a voluntary ban on advertisements for South African travel. I thought that was wrong and I think it would be wrong to forbid the Cuban regime to advertise as well. Castro is desperate for foreign exchange to maintain his rule and will tell any lies needed to get it. Let him. Incidentally, I am told Havana has reopened its flesh houses for tourists just as they were in the bad old pre-revolutionary days.

Canadians flock to Cuba. Perhaps, because they have been blinded for years by the rosy picture our media and political elites painted of it. We are, after all, citizens of a country whose prime minister shouted, "Viva Castro," and whose wife sat at Fidel's feet and sang to him. Still, Fidel's tottering regime survives only because foreign currency, mainly ours, keeps it afloat. It is possible that every tourist who goes there lengthens by one hour the time each political prisoner has to spend in jail. Canada is a free country, and Canadians have the right to visit Cuba, but they ought to know what their cheap holidays subsidize.

Some years ago Robert Fulford wrote that if Goldsmith's *She Stoops to Conquer* were a Canadian play, the title would be *She Stoops to Cope*. Our native peoples, immigrants and founding cultures have become completely enervated, but I suppose that the alternative has rather severe problems. Take the Chechens. When their name surfaced in the news last month, I remembered that Solzhenitsyn had written about them in his *Gulag Archipelago*. If there was ever an uprising in the camps or an act of incredible heroism, it either involved a Baptist or a Chechen. "There was one nation that would not give," Solzhenitsyn writes, "would not acquire the mental habits of submission—and not just individual rebels among them, but the whole nation to a man. These were the Chechens."

Solzhenitsyn describes the Chechens as a people who felt themselves prisoners—in or out of the Gulag—so long as they were ruled by Russians. This sense of oppression gave legitimacy to their bandit nature. No doubt Boris Yeltsin knows this; he also knows the Chechens cannot be broken and saddled like a horse. The Chechens do not believe for one moment that they will get an accommodation by negotiation or a peaceful "occupation." Having fought the Czars and Stalin, they know that dealing with Moscow is not like dealing with Washington—or Ottawa.

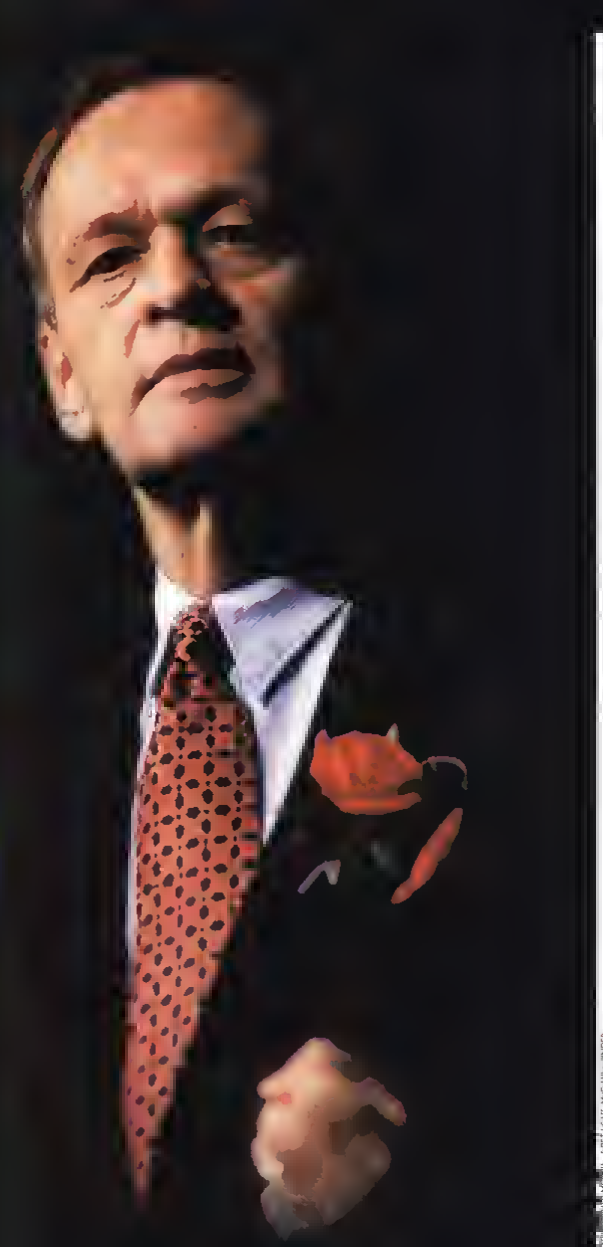
The point is this: when you have a stable civilization, people feel that history is on their side and if only they are patient they can negotiate and achieve their aims without any bloodletting. If the Chechens were part of the British Empire, they might be more inclined to negotiate, but being part of the Muscovite Empire they have few illusions. They see that the current government is weak, and they are trying to seize their chance for independence. Without romanticizing them, the Chechens are a warrior people with a distinct language and culture who have legitimate national aspirations. Geopolitically, it is against our interests for Yeltsin to be weakened, as he will be if secessionism takes hold in Russia, and one wishes he could handle the Chechens better than bombing them or encircling Grozny and starving them.

So there we are. Some of the sturdiest people in the world are bandits, and what causes them to behave admirably under one set of conditions can make them a nightmare under another. I wish we could inject a little of the Chechen spirit into Canadians, who show the conviction of dead fish most of the time, but that seems unlikely. Meanwhile, the Indians occupying the Revenue Canada building arranged a rota system so they could get home for the holidays.

TEN KEY QUESTIONS CANADIANS WILL HAVE TO FACE IN 1995

THE YEAR OF THE CRUNCH





PARIZEAU AND CHRÉTIEN: VOTERS WILL BE MAKING FUNDAMENTAL CHOICES

BY ANDREW PHILLIPS

I've seen the future, brother. It is murder.

Well, maybe not murder, as Leonard Cohen sang in his apocalyptic meditation *The Future*. But 1995 threatens more than its share of strife and turmoil. On both the political and financial fronts, Canadians will find themselves in the uncomfortable position of being forced to make important decisions—and of having the consequences of other people's decisions thrust upon them. In Quebec, unless Premier Jacques Parizeau contrives somehow to wriggle off the hook of his oft-repeated commitment to hold a referendum by the end of the year, voters will have to make a fundamental choice about their future, with grave effects on all other parts of the country. And in Ottawa, Finance Minister Paul Martin is set to start the process of cutting the federal establishment down to size, with equally grave consequences for Canadians accustomed to the warm embrace of Big Government. Of course, no one should underestimate the capacity of Canadians for delaying decisions and postponing apparent disaster—but it will be a lot harder to do that in 1995. Call it the Crunch Year.

In many ways, 1994 was a curiously desultory year in Canada. The usual measure of doom and gloom was predicted, but not much of substance changed. The Parti Québécois, as predicted, won power in Quebec and, again as predicted, immediately set the province on the road to its second referendum on sovereignty in 15 years. Elsewhere, governments were talking more and more about doing less and less. A few provinces, notably Ralph Klein's Alberta, embarked on bold new initiatives and radical ways of attacking old problems. But in Ottawa, real change is still to come—starting in late February when Martin is to deliver the budget that he has vowed will finally set the country on the way towards getting its finances back under control.

Despite the lack of real change—or perhaps because of it—the political mood was surprisingly upbeat. After the public rancor of the early 1990s, Jean Chrétien's what-me-worry approach calmed national nerves. Like some northern Forrest Gump delivering himself of simple but effective nostrums, the Prime Minister succeeded possibly beyond even his own expectations and ended the year with an astonishing 75-per-cent approval from voters. The Liberals issued their policy-papers-of-many-colors (white for defence, red for immigration, green for social policy)—and thus managed to put off the hard choices until 1995. The one sure prediction, of course, is that the coming year will present totally unforeseen problems and challenges. But here are 10 key questions for 1995—a road map for a year that promises more than its share of bumps.

WHEN WILL THE REFERENDUM BE?

At this point, not even Jacques Parizeau knows for sure But canny observers have already circled Monday, June 26, on their political calendars The logic is compelling it comes just two days after Quebec's Fête Nationale, when nationalist passions spill into the streets with parades of Fleur-de-lys flags and teary odes by aging *chansonniers* It is also the first Monday after school ends, so families will not yet have fled for the cottage And it would be seven months after Bloc Québecois Leader Lucien Bouchard's brush with death—meaning he will probably be fit enough to play at least some public role in the campaign if he chooses to do so Late spring early summer would also let Parizeau's government use its first budget in March or April to dangle such goodies as a mortgage deductibility program in front of voters Quebecers would be voting only four months after a bad-news federal budget that Pequistes hope will make them draw their own conclusions about the drawbacks of federalism The campaign machinery that Parizeau put in mobon in December also suggests a late spring date Fifteen regional commissions will be appointed in January, then tour their regions in February and March building support for sovereignty; a single unified commission will report to the Nabonal Assembly by mid March, then, a law proclaiming Quebec sovereignty will be debated in the assembly in April or May—the prelude to launching the official campaign Any delay, and Parizeau risks losing momentum.

At least two factors put a big question mark over that scenario The Halifax G-7 economic summit is scheduled for June 16 to 18—and Parizeau's advisers may not want that kind of reminder of Canada's comparative influence in the world just a week before they ask Quebecers to set off on their own That might nudge the Péquistes into going earlier—perhaps in mid-May More likely, if support for sovereignty remains stalled below 45 per cent, voices in the sovereignist camp urging caution (including Bouchard's) will grow louder That would imply an autumn vote—or even no vote at all in 1995, despite Parizeau's repeated promises to stick to his timetable



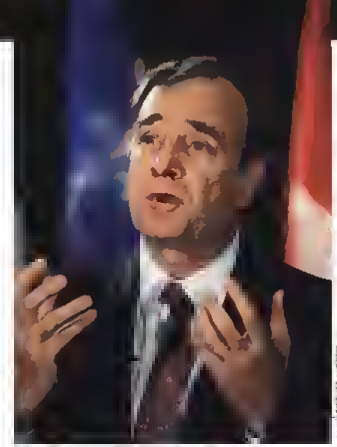
MARCOS TOWNSEND/CANAPRESS

BOUCHARD'S CALL TO 'CARRY ON': EVENTS MAY PERSUADE PARIZEAU TO CALL AN EARLY VOTE—OR NONE AT ALL

WHAT HAPPENS IF QUEBEC VOTES YES?

Much depends on the margin of a separatist victory A decisive win—anything over about 55 per cent—would embolden Parizeau's government to move ahead with its timetable of declaring independence one year after the day of the referendum Quebec's search for international recognition would be on, with its officials lobbying heavily in Paris on the assumption that France would likely be the first major nation to recognize the new state But any parting would undoubtedly be messy and protracted Chretien and his ministers are already questioning the legitimacy of the referendum question and the legality of separation itself, no matter how Quebecers vote And a sovereignist win would raise a host of questions that English Canada has scarcely begun to think through. Who would, or could, negotiate with Quebec? Ottawa has no mandate to discuss dismembering the country, and several English-speaking premiers have served notice that they would want a voice at any bargaining table Would Ottawa respond with a referendum of its own, or a snap election? And the most incendiary question of all how would Quebec's increasingly militant native community, and its 11-per-cent anglophone population, respond?

A narrow separatist victory—between 50 1 and 55 per cent—would be even more problematic. It might, indeed, be the worst possible scenario Parizeau's mandate to separate would be even more questionable, leading Ottawa and the other provinces to take an even harder line on negotiations That would prolong uncertainty with all the long feared consequences of a falling dollar and international loss of confidence in the country And it could push Quebec towards issuing a unilateral declaration of independence—with all the potential for confrontation that would come with that.



CHRISTOPHER MORRIS

PAUL MARTIN: SEARCHING FOR $3.1 BILLION IN SAVINGS OR NEW TAXES

WHAT HAPPENS IF QUEBEC VOTES NO?

Again, much depends on the size of a federalist win. If sovereignists fail to get as much as 15 per cent of the vote, federalists will taunt both Parizeau and Bouchard to resign. Parizeau almost certainly would not; Bouchard, on the other hand, might well quit politics, given his health problems. That would leave the Bloc Québécois marooned in Ottawa with no apparent mission—but many of its 54 MPs might suddenly discover an urgent need for a force to defend Quebec in Parliament, and not coincidentally, to keep their seats and perks The aging elite of the Parti Québecois—old separatist soldiers like Camille Laurin and Bernard Landry—would be thoroughly discredited, having led the separatist cause to defeat twice in 15 years with no chance to try again before they fade from the scene.

The outlook is murkier if the sovereignists lose by a narrower margin—between 45 and 49.9 per cent of the vote That would allow them to argue that they had at least increased support over the 1980 referendum (when René Lévesque's government won 40.44 per cent for talks on sovereignty), and vow to do better in an eventual *third* referendum. And given the tendency of Quebec voters to throw their support from one side of the debate to the other, a federalist victory would by no means guarantee a PQ defeat in the date of Quebec's referendum, taking advantage of nationalist sentment spilling over from traditional Fête Nationale celebrations two days earlier.

International Olympic Committee to decide which city will host the Winter Games of 2002. Quebec City is a contender.

A Canadian calendar for the coming year

JANUARY

JAN. 20-30: Prime Minister Jean Chrétien to visit Chile, Argentina, Brazil Uruguay, Trinidad and Costa Rica

Quebec government to name members of the 15 regional commissions that will tour the province promoting debate on its draft law on sovereignty in advance of a referendum

FEBRUARY

EARLY FEBRUARY: Federal Justice Minister Allan Rock to introduce new restrictions on firearms, including registry of all guns

FEB. 6: Parliament resumes. Committee on social policy reform to report to Parliament by the same dey Human Resources Minister Lloyd Axworthy hopas to table legislation by fall Amendments to federal Human Rights Act outlawing discrimination based on sexual orientation to be introduced about the same time

FEB. 5: Roméo LeBlanc takes over from Ramon Hnatyshyn as Canada's 25th Governor General



CLIVE COHEN

Illegal weapons confiscated by police: new rules on the way



PETER BREGG/MACLEAN'S

Roméo LeBlanc: takes over at Rideau Hall in early February

FEB. 13: Byelections in three federal ridings Ottawa/Vanier, Brome/Missisquoi and Saint-Henri/Westmount.

Alberta government to bring in legislation aimed at eliminating the $32-billion provincial debt Premier Ralph Klein has also announced public consultations on what to do with Alberta's $11.4-billion Heritage Fund, part of the fund mey be used to pay down the debt Quebec's regional commissions to hold hearings and accept submissions on sovereignty law in all parts of the province

LATE FEBRUARY: Finance Minister Paul Martin to introduce a federal budget expected to contain deep spending cuts Rock to introduce new rules governing child support, including changes to tax laws and levels of support

MARCH

MID-MARCH: Quebec regional commissions to report back to a single provincewide commission, which in turn will make recommendations on sovereignty law to the National Assembly Once a committee of the assembly has agreed on a final version of the law, it will be discussed in the assembly during 35 hours of debate

MARCH 15: Deadline for Senate committee on euthanasia and assisted suicide to report The government will then decide on legislation and whether to have a free vote in the Commons

Possible election call in Manitoba Premier Gary Filmon's Conservative government, elected on Sept. 11, 1990, must call a vote by the fall. Betting in the province is that he will test the political waters after Martin's budget, if deep cuts undermine the popularity of the provincial Liberals, Filmon could go by mid-March.

APRIL

APRIL 6-7: The Bloc Québécois's second annual convention in Montreal

APRIL 28-30: Federal Progressive Conservatives hold a national convention in Ottawa, their first since the party's crushing defeat on Oct. 25, 1993

Possible election call in Ontario NDP Premier Bob Rae's government was elected on Sept. 6, 1990, and he is expected to go to the polls anytime between April and June.

MAY

Industry Minister John Manley to announce a new federal telecommunications policy in May or June, including changes allowing telephone and cable companies to compete for the same services

Paul Bernardo's first-degree murder trial expected to start with jury selection It would be almost four years since the first of his alleged victims, Leslie Mahaffy, died in June, 1991.

JUNE

JUNE 16-18: G-7 Economic Summit in Halifax, attended by the leaders of the seven leading industrialized democracies

JUNE 19: Possible Saskatchewan election Roy Romanow's NDP government was elected on Oct 21, 1991 He has said he wants to hold elections every four years on the third Monday in June, and has hinted that he may call a vote in 1995 rather than wait until 1996.

JUNE 26: Strong possibility as



PHIL SNEL/CANAPRESS

Bernardo on his way into court hearing: trial expected in May

JULY

JULY 7-8: Annual convention of Nova Scotia Liberals, at which Premier John Savage's leadership may be decided.

SEPTEMBER

Possible election call in New Brunswick, where Premier Frank McKenna's Liberals were elected on Sept. 23, 1991

OCTOBER

OCT. 5: 25th anniversary of the kidnapping of James Cross in Montreal, which led to the October Crisis of 1970

Oct. 12-15: Federal New Democratic Party to hold convention in Ottawa to replace Audrey McLaughlin as leader Leading contenders expected to include MP Chris Axworthy and former MP Lorne Nystrom

Election expected in the Northwest Territories, four years after last vote on Oct. 15, 1991 It will be the last election throughout the N.W.T. before the eastern Arctic splits away to form the new territory of Nunavut in 1999

NOVEMBER

Nov. 19 Grey Cup in Regina

next provincial election. After all, Levesque won re-election a year after he lost the first referendum; Parizeau or a new, younger PQ leader could well keep Liberal Daniel Johnson out of power.

How far will Paul Martin go?

The finance minister has sworn up and down that, "come hell or high water," he will meet his goal of cutting the deficit to three per cent of national output by 1996-1997. To keep on target, he will have to find $3.1 billion in spending cuts or new taxes in his February budget—enough to cut the annual deficit from its current level of $35.8 billion to $32.7 next year. Some of the areas almost certain to be hit: a further tightening of unemployment insurance, likely including a reduction by a point or so of the maximum allowable percentage of previous income that can be claimed; major cuts in the public works and transport departments; more base closures for the military; and huge cuts in the budgets of regional economic development agencies. Ottawa's rumor mill is talking of 25,000 to 40,000 layoffs among federal civil servants (10 to 16 per cent of the total) over the next three years.

Rising interest rates are forcing the government to pay more than it had planned to service the national debt, so the pressure is on for at least some new taxes. The most obvious is taxing lottery winnings (though, as with so many things, that will involve cutting a deal with the provinces); Martin may also be tempted to start taxing employer-paid health benefits. At the same time, there is no indication that the federal government has the political will to go further than its announced goals, despite cries from Bay Street and the Reform party that the cuts are not deep enough, fast enough. The first signs of how the pain will be shared will likely come after a cabinet retreat on the budget set for Jan. 17.



REVOLUTIONART KLEIN: WILL BOOMING LAND SALES WIPE OUT ALBERTA'S NAGGING DEFICIT?

Will rising interest rates cool the recovery?

Interest rates jumped sharply in 1994—the bank rate went from a 30-year low of 3.87 per cent in February to eight per cent at year's end—and several pressure points may push them even higher in 1995. The U.S. Federal Reserve Board has clearly signalled its concern about the fast pace of growth in the United States, and its intention to raise rates to avert inflation. For Canada, the impact comes in two ways. First, slower growth south of the border could dampen our export-led recovery. And second, the Bank of Canada will eventually have to hike Canadian rates in step with U.S. increases to keep attracting foreign capital to Canada.

That international capital—and its skittishness about Canada's debt and Quebec's future—will also push rates up in 1995. Closer to the date of the Quebec referendum, edginess in global money markets will likely force Canadian rates to spike sharply upward. And any backpedalling by Ottawa on its commitment to reduce the deficit, or any sign of failure about meeting its deficit-reduction targets, could also cause jolts in Canadian rates. Even if those spikes are temporary, however, the general trend to higher rates may cool, if not quench, the domestic economy. That means growth could be knocked back from more than four per cent in 1994 to about three per cent in 1995.



BRUCE LEGGE/MACLEAN'S

Forecasting The Future

Three analysts predict the economic outlook for 1995

	INTEREST RATES	UNEMPLOYMENT	CANADIAN DOLLAR
STAN KUMAGAI *SENIOR ECONOMIST* **NESBITT BURNS CORP., TORONTO**	Canadian rates will be dragged up by increases in the United States. Prime is now around eight per cent and it could climb to 8.75 per cent in 1995—as high as nine per cent around the Quebec referendum.	Canada's unemployment level will drop to an average of about nine per cent from 10.4 per cent in 1994. A definite improvement.	The dollar will remain weak in the first half of 1995 at about 72 cents (U.S.). By year-end—when the referendum will show that Quebec wishes to remain in Canada—it will move to about 75 cents (U.S.).
MICHAEL WALKER *EXECUTIVE DIRECTOR* **THE FRASER INSTITUTE VANCOUVER**	Rates will climb next year, putting considerable pressure on Canada's economic growth.	Canada's unemployment rate will come down but will remain at about 9.5 per cent—about four points higher than in the United States.	The dollar will remain weak: between 70 and 72 cents (U.S.) in 1995. But if Quebecare vote against sovereignty, it could jump to 82 cents (U.S.).
BILL ROBSON *SENIOR POLICY ANALYST* **C. D. HOWE INSTITUTE TORONTO**	Rates may rise, but that won't necessarily cool the recovery. The inflation rate is near zero, and real rates are extraordinarily high. But if the Bank of Canada keeps pumping money into the economy, growth will continue strongly through 1995.	It should dip below nine per cent by the end of 1995.	It will be principally influenced by the results of the Quebec referendum, as well as by how well Ottawa appears to have the deficit under control in its upcoming budget.

Which sectors of the economy will be hottest in 1995?

The fate of the American economy will, as always, have a lot to do with which sectors of Canadian business thrive most. If higher interest rates slow U.S. growth, the demand for exports from Canada—especially for auto parts and resource commodities such as minerals—could suffer. However, the weakness of the Canadian dollar should continue to make Canadian exports more competitive abroad. Canadian-made auto parts, for example, have become increasingly attractive in Japan.

Other hot sectors will include forest products, energy and financial services. The trend to rationalization is already apparent in the forest industry, where larger companies are bidding to take over smaller firms. In the oilpatch, after a rush of capital into junior oil companies in 1993, the shakeout and consolidation of that industry has also started to gain momentum. The restructuring of Canada's financial services industry will likely continue in 1995—at least among insurance and trust companies. Unless the major chartered banks embark on aggressive new lending initiatives or other costly ventures, they should perform strongly again in the coming year as well. However, given the recent volatility in equity markets and the prospect of higher interest rates (which make equities less attractive investments), their brokerage divisions won't be as profitable in 1995 as they were in 1994.

Will Ralph's revolution continue?

This could be the year that Alberta's slash-the-deficit revolution hits its toughest obstacle. It is not, as Premier Klein's detractors suggest, that Albertans will rebel when they finally feel the negative effects of his budget cuts. They have felt those cuts—kindergarten funding has been slashed nearly in half, hospitals have already closed beds, seniors are already paying more for medicine and their housing. Yet Klein retains a remarkable 57-per-cent support in opinion polls.

But the premier does face a potentially irksome obstacle created by windfall resource and agricultural revenues. The latest government estimate of Alberta's budget deficit was recently slashed from $1.55 billion to $655 million. And some observers in the oilpatch now say that the record $1.01 billion in land sales—paid by drill-happy oil companies to the province for Crown land—could wipe out the deficit altogether. For Klein, there is danger that Albertans may be less willing to swallow his tough medicine once the deficit disease goes into remission. "It creates expectations that we're going to back off," he concedes. But even if the 1995 budget balances out, government officials point out that there are certain to be deficits in the next two years. And there is no doubt that Klein will proceed with plans to eliminate them. In fact, the premier has already announced plans to introduce a debt-elimination law in February to ensure that fiscal conservatism outlasts Alberta's immediate budget problems.

Ironically, given all the sound and fury surrounding the deficit-elimination campaign in Alberta, Klein's Prairie neighbors could yet beat him to the balanced-budget punch. In Manitoba, fellow Tory Premier Gary Filmon is expected to reap extra revenues from gambling and federal payments this year. It will probably be enough to push him into the black in time for his budget, expected soon after the federal budget comes down in late February. And in Saskatchewan, New Democrat Roy Romanow has methodically closed rural hospitals, reduced transfers to local governments and hiked income, fuel and sales taxes during his three years in office. He is very close to balancing the books—and may well slip in a balanced budget in early February. It might be galling for his Tory neighbors, but an NDP premier may well win the great Canadian deficit-elimination race.

Who will replace Bob Rae in Ontario?

Of course, the Ontario premier might just hang on to power after the election he is expected to call in April or May. But almost no one outside NDP ranks thinks that is a realistic possibility. The

In The Looking Glass

How is 1995 shaping up? Maclean's correspondent Luke Fisher asked some leading Canadians for their predictions for the new year

Richard Worzel, author of *Facing the Future* and president of IF Research in Toronto: I see 1995 as being quite a good year for Canadians. The U.S. dollar will start to strengthen and that will relieve the pressure on interest rates. Central Canadian companies are recognizing that we can't sell commodity-type products and be competitive with countries that have much, much lower wage rates. What we have to do is start exporting intelligence and knowledge and people are starting to do that in a serious way.

Michael Adams, president of Environics Research Group Ltd. of Toronto: The Quebec referendum vote will not be decisive either way. People will try to interpret it as decisive, with whoever wins declaring victory and whoever loses saying it's not that bad. But we are not looking at a 90 to 10 or 80 to 20 vote here, but rather something in the 60 to 40 range. I think Quebecers would not want it defeated by much less than that. They think that if it is defeated too soundly they are going to be communicating the wrong thing.



PETER BREGG/MACLEAN'S

Maude Barlow, chairman of the Council of Canadians: In Ontario, people may be surprised at how Bob Rae turns into Captain Canada and steps up as the premier to go up against Jacques Parizeau in Quebec. So what may look right now like the demise of Bob Rae may or may not ever happen. He will have a role that [Liberal Leader] Lynn McLeod can't play. That's all up in the air, partly because of Quebec.

Daniel Latouche, political scientist with the National Institute for Scientific Research in Montreal and onetime adviser to René Lévesque: Quebecers may vote No in the referendum but then insist that the Bloc Québécois stays up in Ottawa. Or they may insist on having the Parti Québécois re-elected. I know a lot of PQ ministers have said their goal in life is not to be in charge of provincial roads. They'll go out and do something else. Not only will the PQ lose many of its stars, the question is, "Will it disappear?" Last time around, people could say that they lost the referendum because it was wishy-washy and the question was not straightforward. But these people are now in power. If they fail, they will have only themselves to blame.



WAYNE STANLEY

Frank Ogden, Vancouver-based futurist and author of *The Last Book You'll Ever Read*: Politically, the country will disintegrate. I don't think that's bad. Ever since satellites failed to recognize national boundaries, the speedup in communications is dissolving the ties that held countries together in the past. I certainly think Canada, the United States, China, India, Brazil and Great Britain will all dissolve partially, if not completely, by the start of the third millennium, which is only six years away. It will be a total collapse in my opinion, but I think that is good.

Milton Wong, chairman of investment counsellors M. K. Wong & Associates in Vancouver: The migration to British Columbia from the rest of Canada will slow down. It's been about 70,000 coming here year after year. That has been a very important element in the economic growth of B.C. If interest rates remain high, there will be a slowdown, as there will be everywhere else. And Canadians won't view British Columbia as the only place to go for opportunity.

numbers are dismal for Rae: the most recent provincewide poll gives his New Democrats just 15-per-cent support among decided voters, compared with 30 per cent for the provincial Conservatives and a commanding 52 per cent for the Liberals. If opinion does not change drastically before voting day, Liberal Lyn McLeod will become premier, with Tory Mike Harris taking over as Opposition leader and Rae's NDP relegated to third-party status. More pessimistic New Democrats are already glumly predicting that they may be reduced to a rump of 10 or so seats in the 130-seat legislature.

Rae, however, insists that those numbers will not hold firm. His party may be trailing badly, but he is by far the best performer of the three party leaders. McLeod is scarcely recognized by the public, and Harris has made many voters nervous by proposing his radical "Common Sense Revolution," a Reform-style program that would involve cuts of 20 per cent to most areas of government spending. The NDP's hope for avoiding a wipeout lies largely in focusing its campaign as much as possible on Rae himself. And that will be helped by the fact that the Ontario campaign will probably come just as the Quebec referendum fight is nearing its climax. If Rae can position himself as the champion of Ontario against Ottawa, and a strong voice for Canada in the national unity wars (as he has hinted he will do), he has at least a hope of saving his government. But not a very big one.

Is there a future for the NDP?

A murky one, at best. If, as is likely, the NDP loses power in Ontario, it will lose its biggest network of paid loyalists, which every party relies on to keep going. In Ottawa, where it struggles along with just nine MPs, the party is almost irrelevant. Worse, none of the potential candidates to succeed Audrey McLaughlin as leader when she finally steps down at a national convention set for Oct. 12 to 15 in Ottawa has any more charisma than her. Only one—British Columbia's Svend Robinson—has a sharp national profile. The more mainstream contenders, such as Saskatchewan MP Chris Axworthy and former MP Lorne Nystrom, are unlikely to set voters on fire. One possible candidate, however, might attract some of the national curiosity that McLaughlin so conspicuously failed to win: Saskatchewan Finance Minister Janice MacKinnon has spearheaded her province's austerity drive, and may well become the first provincial treasurer to bring in a balanced budget this spring.

MacKinnon's success, however, underlines the NDP's dilemma: the political spectrum has shifted so far to the right that it can stay in tune with voters only by following a small-c conservative agenda. B.C. Premier Mike Harcourt faces an election as early as next fall, and the betting is that he can cling to power in an uphill fight with Gordon Campbell's Liberals only by turning to the right and following the path blazed by Roy Romanow in Saskatchewan. And Canada's increasingly intricate involvement in such transnational arrangements as the North American Free Trade Agreement calls the NDP's core beliefs further into question: withdrawal, as the party still advocates, would be economically disastrous and politically incredible. The NDP's choices, then, appear almost equally unpalatable: continue to lose ground with voters, or accept its opponents' basic political assumptions.

Will 1995 bring labor peace in professional sport?

After a strike by major league baseball players that killed the World Series, and a three-month National Hockey League lockout, fans might think that things could not get much worse. But they could. North America's major professional team sports are all trying to rein in their skyrocketing payroll costs while keeping small-market teams competitive, and their method of choice has been capping salaries. In late December, the baseball owners decided to impose a cap and unilaterally rewrite the terms of their collective agreement with the players. The owners also plan to open training camps in late February, hoping to lure a few disgruntled big leaguers to bolster their rosters of replacement players—mostly minor leaguers. But the players union has a $210-million strike fund to keep its members loyal. And the owners' ranks are somewhat divided: Ontario laws forbid the Toronto Blue Jays from using so-called scab labor, and Baltimore Orioles owner Peter Angelos, a labor lawyer himself, says he won't use replacements.



RICK MACIVILLIAM/EDMONTON JOURNAL

ALBERTANS PROTEST REDUCED $PENDING ON EDUCATION: PRESCRIBING MEDICINE FOR A STUBBORN DISEASE

The NHL, meanwhile, wanted to implement a punitive tax on higher-than-average payrolls. The players saw the tax as a thinly disguised salary cap, and resisted. If the season is cancelled, the players' association will likely initiate a series of tournaments, and Wayne Gretzky will reconvene his travelling all-stars for a trip to Japan. If a deal is reached by about Jan. 10, however, an abridged season of 50 games could start by the owners' new deadline of Jan. 16 and run through to a Stanley Cup final in late June. Although costly to people who make their living from hockey, the shortened schedule could be a blessing to fans who find the 84-game regular season far too long.

There is trouble, too, for the other two major professional sports. Basketball's collective agreement expired last year, and the two sides agreed to play only after signing a no-strike, no-lockout agreement. In football, the Canadian league wants to reduce its Canadian-player quota against the wishes of the players, and the tumultuous first year of the NFL's salary cap has led some teams' officials to suggest that it, too, needs a major revision. By the end of 1995, fans could be looking back fondly at 1994.

With ANTHONY WILSON-SMITH in Ottawa, BARRY CAME in Montreal, MARY NEMETH in Calgary and DEIRDRE McMURDY and JAMES DEACON in Toronto

OUTLOOK 1995

War And Peace

THE OMINOUS TRENDS AROUND THE WORLD

BY THOMAS HOMER-DIXON

International events these days are confusing, to say the least. Everything seems muddled and uncertain; positive events are tangled with negative events; the structures of world order have either dissolved or appear increasingly irrelevant. Where are we going? Can anything be said with reasonable certainty about the international order in the coming year and further into the future?

The answer is yes. But we have to place the cacophony of current events in the context of deeper, underlying trends affecting world order and human development. Some of these are undeniably positive. The threat of nuclear Armageddon has all but vanished. America and Russia no longer wage proxy wars in far corners of the world. Barriers to international trade are tumbling, and throughout the former Soviet Bloc and the developing world, national economic managers are laying the foundations for free markets. Democratic institutions are taking root in much of Eastern Europe. A truly miraculous transformation has occurred in South Africa, while the weary combatants in the conflicts in Northern Ireland, the Middle East, Sri Lanka and Angola have turned from war to negotiation.

Yet, there are ominous trends, too. The United States seems unwilling or unable to play its proper role as a great power. Many of the international organizations needed to fill the void left by the United States are enfeebled. Belligerent nationalisms and religious fundamentalisms have captured people's minds in Eastern Europe and North Africa. Ecological and population stresses tear at the social fabric of poor societies. These positive and negative trends intersect in complex ways in different parts of the world. As a guide to sorting them out, here are six questions to keep in mind this coming year and beyond.



MIKE THEILER/REUTER

MR. AND MRS. PRESIDENT: SOME WINS ABROAD BUT SERIOUS SETBACKS AT HOME

Will the United States increasingly isolate itself from the world?

Since the early days of the republic, U.S. foreign policy has oscillated between isolationism and engagement—a tension that persists today. Some commentators, especially on the political right, want the United States to withdraw within its borders, reduce its commitment to international organizations and peacekeeping, and retain only minimal commitments to the defence of Europe. Others argue for a continued strong presence on the international stage. These people, in turn, fall into two camps: some want the United States to act as a traditional great power and use its military and economic capability, when necessary, to sustain global order; others believe it should facilitate the development of the international institutions and laws needed to solve global problems.

President Bill Clinton's foreign policy team believes the United States should be actively engaged with the world, not as a traditional great power, but as a facilitator. Sometimes this policy has worked well. The Clinton administration has had notable successes with the North American Free Trade Agreement, the General Agreement on Tariffs and Trade, and the United Nations' population conference in Cairo. At other times, though, this "soft" engagement has brought embarrassment and stoked the fires of isolationism. The photographs of Somali thugs dragging the body of an American serviceman through the streets of Mogadishu in October, 1993, had a deep effect on Americans. "Why should we bother helping such people?" many asked.

Domestic political crises have also gravely wounded Clinton. Whitewater, the failure of health-care reform, the Republican successes in November's congressional elections, and a persistent sense of economic insecurity are causing Americans to look inward. The President is seen as a weak leader, and he has not presented a clear vision of why the United States should be engaged with the rest of the world. During the next year, look for congressional Republicans to launch a broad attack on many of the pillars of engagement, including the American foreign aid budget and support for the United Nations. Isolationism will gain strength.

Will Russia become more hostile to the West?

Since the bombardment of the White House in Moscow in October, 1993, Russia has simmered. The election to parliament of a raft of nationalist and Communist politicians was counterbalanced, somewhat, by President Boris Yeltsin's success in obtaining popular approval of a new constitution. Yet Yeltsin seems more capable of decisive action in times of crisis than during the slogging, day-to-day work of economic and political reform. While his government has moved ahead with privatization, it is still issuing huge credits to state industries that produce things people won't buy. These credits drive high inflation, causing brutal hardship for poor, old and sick people. Organized crime has

Thomas (Tad) Homer-Dixon is director of the Peace and Conflict Studies program at the University of Toronto.

penetrated practically every pocket of Russian society

Russians feel humiliated and despondent. They have lost their empire and their great-power status; their economy is in an appalling mess, and the social-safety net—the one good thing they could count on during the Communist years—is disintegrating. This is fertile ground for extreme nationalists. Yet they have been surprisingly ineffectual in parliament, largely because of the buffoonery of their leader, Vladimir Zhirinovsky, and because their actions have been blocked by a large group of pro-reform legislators.

Yeltsin and his foreign policy team are increasingly hostile towards the West. Russia has refused to join the U.S.-sponsored "Partnership for Peace" that is supposed to provide Eastern European nations with a way station to membership in NATO, and at the recent meeting of the Conference on Security and Co-operation in Europe, Yeltsin spoke darkly of slippage towards a "cold peace" between the great powers. Political and economic reform in Russia will take a long time, and nationalists will have ample opportunities to engage in incendiary politics—especially if breakaway movements contribute to more crises like the one in Chechnya. Even if reformers hold on to power, they will shift their foreign policies to the right to protect themselves from nationalist attacks. Driven by these internal politics, relations between Russia and the West will continue to cool.


DON HEIMANN

WILL THERE BE A WIDER BALKAN WAR?

The West's policies in Bosnia have been an utter failure. It is difficult to overstate the harm this has done to the credibility of NATO, the European Union and the United Nations. While an early, decisive military intervention against the Serbs—at a time when Russia was willing to go along with Western policies in the Balkans—would probably have stopped the crisis cold, we now have a war that could still drag in an ever-expanding circle of countries.

The presence of UN peacekeepers in Bosnia promotes the war. The United Nations is unwilling to undertake decisive air action against the Serbs because the peacekeepers are vulnerable to Serb ground attack. And the partial shield provided by the peacekeepers encourages the Bosnian government to persist in hopeless attempts to regain lost territory. The Americans, British and French are involved in an endless, disgraceful squabble over the utility of the peacekeepers, the value of air attacks and the advisability of lifting the arms embargo against the Bosnian government. Policies change from one week to the next.

If the peacekeepers are withdrawn, a massive military operation—perhaps involving more than 20,000 U.S. troops—will be needed to provide cover. Serbs will take advantage of the vacuum left behind to finish off several Muslim enclaves. It is not out of the question that outraged Islamic governments, around the world, will send their own troops to protect the Bosnian Muslims.

Watch the Bihac pocket. If the Serbs seize this UN "safe zone" in northwestern Bosnia, the Croatian government may openly enter the conflict on the side of Bosnia, which could reignite the war between the rump state of Yugoslavia and Croatia. Also, watch Macedonia to the south. This fragile country is covetously eyed by several neighbors, while the stability of its internal politics has been threatened by Greek economic pressure and an angry Albanian minority. Should Albania and Macedonia start a war, Greece, Serbia, Bulgaria and even Turkey could become involved, too.


RAVI VASUDEVAN/REUTER

JIMMY CARTER WITH SERB LEADER RADOVAN KARADZIC IN BOSNIA; BICYCLE POWER IN CHINA (TOP): A NEW WAR COULD BREAK OUT BETWEEN CROATIA AND YUGOSLAVIA

WILL THE ISRAELI-PALESTINIAN PEACE PROCESS CONTINUE?

The peace process is in deep trouble. Further progress requires that Palestinians hold elections in the occupied territories. For this to happen, the Israelis must withdraw their troops from Palestinian towns. But Israelis fear that withdrawal would leave Jewish settlements vulnerable to attacks by the extremist Hamas movement. Recent attacks on Israelis by Hamas terrorists have weakened support within Israel for the peace process. Sentiment is building for an exclusionary policy, whereby Palestinian areas would be largely sealed off from Israel. Within Gaza, the authority of the Palestinian leadership is leaking away. Yasser Arafat is now widely despised, and Hamas can easily mobilize thousands of followers in the streets. Arafat's indecisive and autocratic leadership has kept Palestinians from seeing any real fruits of peace.

Gaza has one of the highest population densities and growth rates in the world; its population will double within 20 years. It is also experiencing a water crisis as its aquifers are overdrawn. Some municipal wells now produce water too salty to drink, and hundreds of new, unrestricted wells have been drilled since the Israelis left. These ecological and population pressures will make political solutions harder to achieve, so quick action is needed now to end the Israeli-Palestinian impasse.

WILL CHINA'S BUBBLE BURST?

Many analysts have been distracted by the phenomenal economic expansion in China's coastal areas. They have projected these trends onto the rest of the country and have neglected the dangers posed by a weakened central government, and resource scarcities and population pressures in the countryside. The costs of misreading the Chinese situation could be very high. China has more than a fifth of the world's population, a huge military with growing power-projection capability, and unsettled relations with some of its neighbors. The effects of Chinese civil unrest, mass violence and state disintegration could spread far beyond its borders.

The Chinese population is growing at a rate of more than 15 million per year. The wealth differential between rich and poor regions in China is increasing rapidly. Tens of millions of people are migrating from the country's interior and northern regions, where water and fuel wood are desperately scarce and the land often badly damaged, to the booming coastal cities. Coastal areas must continue their rapid growth to absorb this surplus labor. But the Chinese leadership is having great difficulty maintaining control over the process. Economic liberalization helps mobilize the population by dissolving long-standing social relations, which weakens the Communist party's ability to micro-manage Chinese society. The party has also been weakened by deep internal disagreements over the rate and degree of liberalization, and by worker discontent throughout the country.

In the next year, China's "paramount leader," Deng Xiaoping, who is 90 and in failing health, will almost certainly die. Cracks within the government will not appear immediately, as the military remains strong and united under elderly officers who served with Mao Tse-tung on the legendary Long March in the 1930s. Long-term stability is likely only if China begins serious democratization soon. Even after Deng dies, though, central authorities will probably refuse to recognize their loosening grip on the society, and this will eventually prompt secessionist movements in the Muslim lands to the west, Tibet in the southwest, and perhaps Sichuan.

WILL THE UN WIN BACK ITS CREDIBILITY?

Little noticed by the world, the United Nations is closing down its operation in Somalia. Warlords in Mogadishu are already jockeying to seize the equipment and facilities the United Nations leaves behind. If Somalia again descends into fratricidal chaos, one could reasonably ask if the UN operation there was worth the resources and lives invested in it.

Whatever the answer, no one can doubt that the United Nation's credibility has been harmed by its ineffectiveness in Bosnia, Somalia and Rwanda. The world body and its agencies are chronically underfunded; some, like the UN High Commissioner for Refugees, must go cap in hand to rich countries for support of emergency operations. Nonetheless, the United Nations has achieved notable successes. Last September's population conference in Cairo brought progress on reducing human fertility rates, and the United Nations has overseen a democratic transition in Cambodia and the end of civil war in Mozambique.

It is currently fashionable to believe that governments can't do anything right and should therefore be reduced in size. By this logic, less government is better government. But global political and economic affairs are becoming ever more complex. Populations are growing. The gap between the poorest and the richest people on the planet is widening. Knowledge, goods, diseases, financial instruments, pollution and crime know no boundaries. Migrants and refugees are on the move in unprecedented numbers. To deal with these converging and urgent pressures, capable international government is essential. The United Nations may be unruly, cumbersome and irresolute, but it is the only international government we have. We must do what we can to reform it to better serve humanity's needs. □

A global calendar for the coming year

LATE JANUARY: Possible date for the start of O. J. Simpson's murder trial in Los Angeles.

LATE JANUARY: U.S. President Bill Clinton to deliver annual State of the Union address to Congress—a chance for him to start rebuilding his popularity.


SYGMA/PUBLIPHOTO

Lawyer Robert Shapiro, Simpson: trial

EARLY FEBRUARY: Clinton to unveil his 1996 budget.

MARCH 15: Elections to Regional Council in Hong Kong (Legislative Council elections expected in September).

MARCH 19: Parliamentary elections in Finland.

MARCH 31: UN peacekeeping mandate in Bosnia and Croatia expires.

APRIL 9: General election in Peru.

APRIL 23: First round of presidential election in France to choose successor to Socialist François Mitterrand, who is stepping down after two seven-year terms. Two conservatives—Prime Minister Edouard Balladur and Paris mayor Jacques Chirac—are front-runners. Second round is May 7.


JACQUES LANGEVIN/SYGMA/PUBLIPHOTO

Balladur, Mitterrand and Chirac: stepping down

APRIL 23-MAY 7: World Hockey Championships in Stockholm. If NHL season is cancelled, it will be the biggest hockey event of the season.

MAY 9: 50th anniversary of VE-Day—the Allied victory over Germany and end of the Second World War in Europe. Celebrations across Europe—including special ceremonies in the Netherlands honoring Canadian soldiers.

MAY 14: Presidential election in Argentina, with Carlos Menem seeking re-election.

JULY 1: Italy takes over presidency of the European Union.

AUG. 14: 50th anniversary of the Allied victory over Japan and end of war in the Pacific. Veterans will gather in Ottawa and other world capitals for remembrance services.

OCT. 24: United Nations Day celebrations, marking the 50th anniversary of the founding of the United Nations in San Francisco.

NOV. 10-13: Biannual summit of Commonwealth heads of government in Auckland.

Flights Of Fancy

THE BEST IN THE ARTS FOR THE NEW YEAR

Quebec may choose to secede, interest rates may skyrocket, strife may befall previously untroubled parts of the world. But, despite the slings and arrows of fortune, creators will continue to create. Some of the cultural highlights coming up in 1995, selected by the *Maclean's* entertainment section:

SPECIAL EVENTS

•**Oleanna** David Mamet's controversial play continues to lay siege to the Canadian stage, with productions by Halifax's Neptune Theatre (Jan. 10-15), the Grand Theatre in London, Ont., (Jan. 10-28, starring recent Genie award winner Sandra Oh) and Ottawa's National Arts Centre (Feb. 2-18).

•**Poor Super Man** Brad (*Unidentified Human Remains*) Fraser's new play, which won critical acclaim after its four-week run in Cincinnati, plays at the Manitoba Theatre Centre in Winnipeg beginning on Jan. 4, moving to Toronto's Canadian Stage Company on Feb. 2.

•**Bluebeard's Castle/ Erwartung** The Canadian Opera Company's internationally celebrated double bill of dark-hued operas by Bartók and Schoenberg, directed by Robert Lepage, opens in Toronto on Jan. 11.

•**Hamlet** Keanu Reeves substitutes soliloquies for *Speed* in his much-anticipated Shakespearean debut at the Manitoba Theatre Centre, opening on Jan. 12.

•**Peter Grimes** Revered Canadian tenor Ben Heppner plays the title role in the Vancouver Opera's production of the Benjamin Britten tragedy, beginning on Jan. 28.

•**Tommy** The Who's enduring rock opera about "that deaf, dumb and blind kid" gets its Canadian première in Toronto on March 1.

•**A Month in the Country** Karen Kain and the National Ballet in Toronto present Sir Frederick Ashton's 1976 ballet on May 3, in the first performance of the work by a company other than Britain's Royal Ballet.

•**New Art in China, 1989 to 1994** This glimpse of Chinese contemporary artists features 80 works and runs from April 12 to June 11 at the Vancouver Art Gallery. It will be accompanied by **Here Hot Thera**, a show of works by mainland Chinese avant-garde artists who recently moved to British Columbia.

•**Masterpieces in Motion: A Century of Automobile Design** The first exhibition focusing on the art and design of the car runs at the Montreal Museum of Fine Arts from May 11 to Oct. 15.

•**Sunset Boulevard** Andrew Lloyd Webber's latest, currently packing them in in New York City, debuts at Toronto's Ford Centre for the Performing Arts on Oct. 15.

•**Showboat** The big show sails into Vancouver, where it will inaugurate the new Ford Centre for the Performing Arts, designed by Moishe Safdie, on Dec. 3.



KEANU REEVES: SUBSTITUTING SOLILOQUIES FOR *SPEED*

BOOKS

•**The Piano Man's Daughter** (HarperCollins) Timothy Findley's new novel draws on three generations of his mother's family. A companion to *The Wars*.

•**The Road Ahead** (Penguin) Microsoft billionaire Bill Gates predicts the future and lets everyone have a peek at his new high-tech house through an accompanying CD.



RUSHDIE: FIRST MAJOR WORK OF FICTION SINCE *SATANIC VERSES*

•**East, West** (Random House) This collection of short stories is Salman Rushdie's first major work of fiction since *The Satanic Verses*.

•**The Diary of a Young Girl** (Doubleday) A new edition of Anne Frank's diary that contains material originally edited out by the famed Jewish girl's father.

•**Ladder of Years** (Penguin) Anne Tyler's keenly awaited novel about a woman who literally walks away from her life.

•**Our Game** (Penguin) An up-to-the-minute thriller set in the Caucasus from spy master John le Carré.

•**The Unconsoled** (Knopf) Kazuo Ishiguro's eagerly anticipated new novel, the first since *The Remains of the Day* in 1989.

•**Victory 1945: The Birth of Modern Canada** (HarperCollins), **Days of Victory, Canadians Remember: 1939 to 1945** (Macmillan) Examinations of the watershed victory by historians Desmond Morton and J. L. Granatstein, and the father-son broadcasting team of Ted and Alex Barris.

•**Closer to the Sun** (McClelland & Stewart) Toronto impresario Garth Drabinsky, fresh from Broadway hits, tells—with the help of Marq de Villiers—the turbulent story of his life in the high-stakes entertainment world.

•**Title to be announced** (Doubleday) A memoir by former prime minister Kim Campbell about life in and out of politics.

•**Microserfs** (HarperCollins) Douglas Coupland's novel logs on to the desperate lives of computer workers at Microsoft headquarters.

•**My Times** (Doubleday) The reminiscences of veteran broadcaster and writer Pierre Berton include such little-known details as his stint as a war correspondent in Korea.

•**Various Positions: The Life of Leonard Cohen** (Random House) Ira Nadel Leonard Cohen calls it a "benignly tolerated biography," the first full-length treatment.

•**Beach Music** (Doubleday) Novelist Pat Conroy (*The Prince of Tides*). An American in Rome who returns home to sort through the dark memories that haunt his family.

•**The Education of a Woman: The Life and Times of Gloria Steinem** (Doubleday) Scholar Carolyn Heilbrun (also a mystery writer under the pseudonym Amanda Cross) writes the first full-fledged biography of the American feminist.

•**Title to be announced** (McClelland & Stewart) Rohinton Mistry, author of the award-winning *Such a Long Journey*, sets his third novel in India.

•**The Bride of Texas** (Knopf) Czech-Canadian novelist Josef Skvorecky bases his new book on a regiment of Czech soldiers who fought in the American Civil War.

•**The Canadian Revolution: From Deference to Defiance** (Penguin) Peter C. Newman examines how Canadians' attitudes towards politicians and the political process changed radically between 1984 and 1994.

•**Shooting the Hippo: Death by Deficit and Other Canadian Myths** (Penguin) Journalist and author Linda McQuaig tackles the biggest Canadian bugaboo and accuses the media of distortion.



PFEIFFER: AN INNER-CITY HIGH-SCHOOL TEACHER

FILMS

•**My Posse Don't Do Homework** (Disney) Michelle Pfeiffer plays a dedicated inner-city high school teacher in a drama directed by Canada's John N. Smith (*The Boys of St. Vincent*).

•**Jefferson in Paris** (Disney) Nick Nolte is Thomas Jefferson in Merchant-Ivory's first movie for Disney's Touchstone Pictures.

•**Apollo 13** (Universal) After *Forrest Gump*, Tom Hanks finds another untarnished American hero in the role of astronaut James Lovell.

•**Get Shorty** (MGM) After *Pulp Fiction*, John Travolta plays another cool-jerk hoodlum, this time in Elmore Leonard's tale of a crook who becomes a Hollywood player.

•**Waterworld** (Universal) A $100-million epic starring Kevin Costner as a Mad Max renegade in a post-apocalyptic 26th century—the polar ice caps have melted, flooding the planet.

•**Rob Roy** (MGM) Liam Neeson dons a kilt to play the 18th-century Scottish swashbuckler; Jessica Lange is his lassie.

•**Braveheart** (Paramount) Mel Gibson directs himself in the tale of another Scottish patriot, the 13th century's Sir William Wallace.

•**The American President** (Columbia) Rob Reiner directs Michael Douglas as a widowed U.S. president who falls for an environmental lobbyist (Annette Bening).

•**Johnny Mnemonic** (Tristar) Keanu Reeves plays a high-tech courier in a cyberpunk thriller by author William Gibson, shot in Toronto by director Robert Longo.

•**Batman Forever** (Warner Brothers) Val Kilmer takes over the batcape, Jim Carrey plays the Riddler.

RECORDINGS

•**Medusa** Annie Lennox (BMG) The art-rock diva releases another collection of pop arias.

•**Tower of Song** Various artists (A&M) Performers including Bono, Willie Nelson and Sting pay tribute to Leonard Cohen.

•**Unplugged** Bob Dylan (Sony). Everybody else is doing it, so why shouldn't the chameleon of folk-rock revert to acoustic?

•**Title to be announced** Ashley MacIsaac (A&M) The Cape Breton fiddling sensation's first studio album.

•**Joe Cool's Blues** Wynton Marsalis (Sony). The jazz superstar continues his love affair with the trumpet.

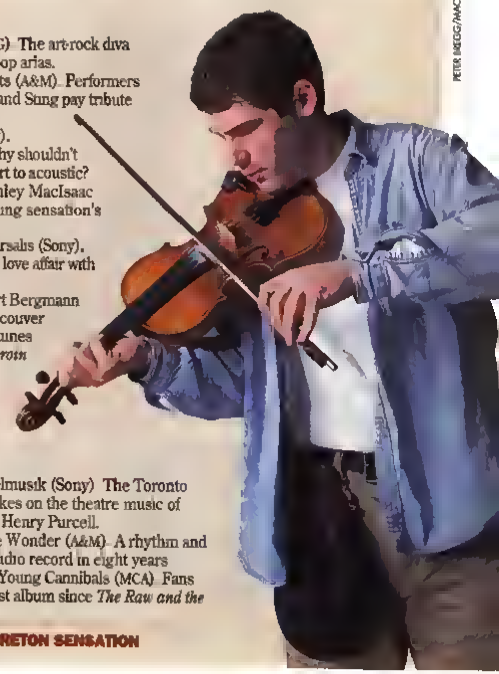
•**What Fresh Hell is This?** Art Bergmann (Sony) One of the original Vancouver punkers belts out searing new tunes with titles including *Guns & Heroin* and *Demolished*.

•**Cover to Cover** The Jeff Healey Band (BMG) Canada's guitar sensation can be expected to come up with more sensational riffs.

•**Title to be announced** Tafelmusik (Sony) The Toronto period-instrument orchestra takes on the theatre music of 16th-century British composer Henry Purcell.

•**Conversations Peace** Stevie Wonder (A&M) A rhythm and blues deity releases his first studio record in eight years.

•**Title to be announced** Fine Young Cannibals (MCA) Fans have been ravenous for their first album since *The Raw and the Cooked* in 1989.



PETER MEGGS/MACLEAN'S

ASHLEY MacISAAC: CAPE BRETON SENSATION

Image Of The Year

SOUTH AFRICA'S HISTORIC ELECTION DEMONSTRATEDA PEOPLE'S DEEP LONGING FOR DEMOCRACY

The end came with little of the violence that had always been forecast. South Africa's era of all-white rule was supposed to go out with a bang and bloodshed, not the orderly procession of voters who queued for hours over four moving and momentous days last April. For the first time, white and black South Africans voted together and, in the process, brought Nelson Rolihlahla Mandela, once the world's most famous political prisoner, to power as their president. As new dawns go, this one truly seemed to offer a fresh start, with Mandela preaching—and practising—the politics of reconciliation.

It is a theme he continues to pound home eight months after his election, even as many South African blacks grow more restless with the lack of visible improvement in their lives. Mandela has had to balance black demands for better housing and higher incomes with the fiscal prudence required to allay fears among anxious whites, who still control the levers of economic power. Support for his African National Congress (ANC) has fallen slightly since April, and impatient factions within argue forcefully for Mandela to jettison his courtship of whites in favor of radical economic policies. They push the so-called Africanist line: a restless and racially based demand for more black power.



BROOKS CRAFT SYGMA/FUJIPHOTO



GORDON HOOBS SYGMA/FUJIPHOTO

MANOELA; THE LINE OF PATIENT VOTERS SNAKED FOR NOURS THROUGN A SOUTH AFRICAN VILLAGE (RIGNT): MOMENTOUS

But Mandela has not budged. At a year-end ANC conference in Bloemfontein, he denounced those "opportunists" who believe that they can "gain popularity on the basis of radical-sounding but impractical propositions." Mandela's nonracial philosophy carries political risks. But so far, opinion polls show that most South Africans agree with him, and are willing to wait a little longer for material gains to emerge.

What normalcy from South Africa, once a perennial source of television footage showing only killing and grief, it has become, for now at least, just another state with the same economic troubles and high crime rates that make news everywhere. The world's media have largely decamped for Bosnia, or Rwanda, or wherever the next 15 minutes of human outrage are to be found. The marvel of South Africa was that the moral nature of its struggle held people as long as it did.

That, in no small part, is due to the presence of Mandela. During his 27 years in prison, he loomed over the war against apartheid as its conscience without even being seen. Once released into the political arena with other mortals, he did not disappoint. Mandela proved to be a great leader in a world cursed with so few good ones. "Let us heal the wounds of the past," he implored South Africans when he might have been urging revenge. "Revolutionaries are drawn from every class," he insisted, rejecting shibboleths and ideological jargon as substitutes for truth. On the day of Mandela's inauguration, South African generals, men who would have once locked him away, saluted him and swore their allegiance.

South Africans may justifiably worry about who follows. But Mandela, who is now 76, has set a tone that it would be folly to forget. "Out of the experience of an extraordinary human disaster that lasted too long must be born a society of which all humanity must be proud," he declared on May 10 in his eloquent inaugural address. "Never, never, and never again shall it be that this beautiful land will again experience the oppression of one by another, and suffer the indignity of being the skunk of the world."

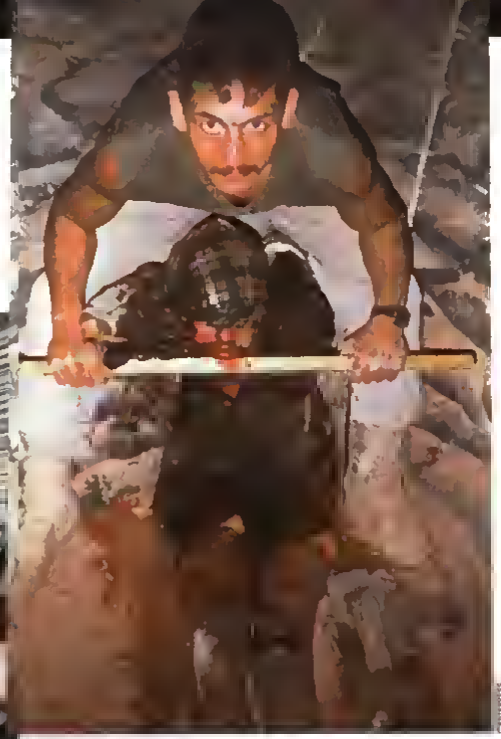
"The sun," he concluded, "shall never set on so glorious a human achievement."

BRUCE WALLACE

The Year In Pictures

LIFE AND DEATH AND THE QUEST FOR PEACE





JANUARY Skater Nancy Kerrigan is struck on the knee in a plot that eventually implicates her rival, Tonya Harding, revolt breaks out in the Mexican state of Chiapas, a major earthquake hits Los Angeles, killing 61 people, Lorena Bobbitt is found not guilty by reason of insanity on malicious wounding charge after severing her husband John's penis. In Canada, MP Jag Bhaduria is forced to quit the Liberal caucus because of misleading academic credentials on his résumé; the country shivers through record cold weather; Daniel Johnson takes over as premier of Quebec, succeeding Robert Bourassa; the federal debt hits $500 billion (by the end of the year, it had passed $535 billion).

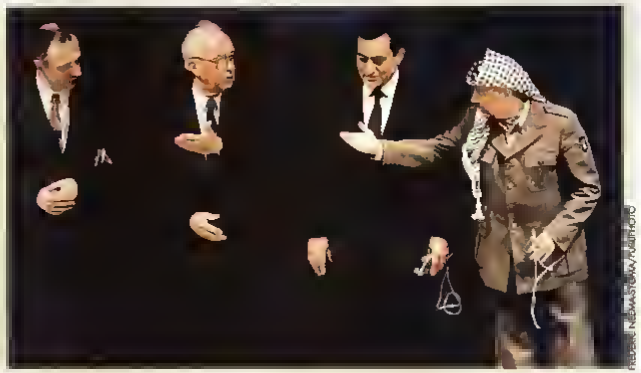


FEBRUARY A mortar round kills 68 people in a crowded Sarajevo market, at the Winter Olympics in Lillehammer, Canada wins a record 13 medals, a Jewish settler fires on worshippers at a Hebron mosque, killing 34 and wounding more than 60. Canada's bank rate falls to 3.87 per cent, the lowest level in more than three decades, Ottawa cuts tobacco taxes in an effort to curb smuggling, right-to-die activist Sue Rodriguez commits suicide with the assistance of a doctor, Roo and Linda Sterling are acquitted of abusing children at a day care centre in Martensville, Sask., Jocelyne Bourgon is named clerk of the Privy Council, the first woman to be Ottawa's top bureaucrat.

MARCH Shocking photographs of a Somali teenager tortured to death by a Canadian soldier are introduced at the trial of Pte. Elvin Kyle Brown, who is convicted of manslaughter, Rogers Communications Inc. takes over Maclean Hunter Ltd. Tooya Harding admits guilt in the Kerrigan incident, Mexican presidential candidate Luis Donaldo Colosio Murrieta is assassinated; comedian John Candy dies of a heart attack at age 43.

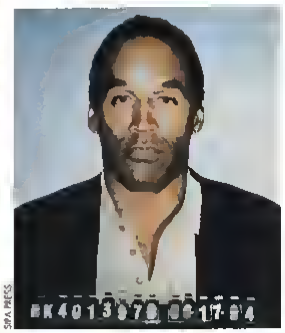


APRIL The murder of 23-year-old ViVi Leimonis at Toronto's Just Desserts restaurant focuses national attention on violent crime, NDP Leader Audrey McLaughlin announces her resignation. The presidents of Rwanda and Burundi die in a plane crash, setting off a civil war in Rwanda that eventually claims hundreds of thousands of lives, the long-delayed Channel Tunnel linking England and France is completed, singer Kurt Cobain of the rock group Nirvana commits suicide, Richard Nixon dies at age 81.



MAY PLO chairman Yasser Arafat signs peace accord with Israeli Prime Minister Yitzhak Rabin; the African National Congress wins South Africa's first multiracial election, ending three centuries of white rule and elevating Nelson Mandela to the country's leadership, American teenager Michael Foy, found guilty of vandalism in Singapore, receives four lashes with a cane; Jacqueline Kennedy Onassis dies of cancer at age 64. In a suit brought by Suzanne Thibaudeau, the Federal Court of Appeal rules that recipients should not be taxed for child support payments, Paul Bernardo is charged with manslaughter and sexual assault in the death of Tammy Homolka, his ex-wife's younger sister, the United Nations ranks Canada as the best country in the world to live in.

JUNE World leaders and veterans celebrate the 50th anniversary of D-Day on the beaches of Normandy, after a bizarre highway chase, O. J. Simpson is charged with murdering his ex-wife and her male friend in Los Angeles; riots break out in Vancouver after the Canucks lose the Stanley Cup to the New York Rangers; Toronto policeman Todd Baylis is shot to death by a man who was supposed to have been deported two years earlier.



JULY Hundreds of thousands of refugees flee the bloodbath in Rwanda, Colombian soccer star Andres Escobar is murdered by gunmen after he accidentally scores against his own team in the World Cup, which is won by Brazil, Yasser Arafat returns to Gaza after 27 years of exile, chunks of the Shoemaker-Levy comet crash spectacularly into Jupiter; North Korean dictator Kim Il Sung dies at age 82. Premier Daniel Johnson [illegible] in Quebec for Sept. 12; Royal Oak Mines Inc. bids for Lac Minerals Ltd., sparking an unsuccessful summer-long takeover battle; NDP MP Svend Robinson gets 14 days in jail for protesting against logging in Clayoquot Sound.



JON JONES/SYGMA/PUBLIPHOTO



JACK JURGER/MORIN HEIGHTS PERSPECTIVE/SIPA PRESS

OCTOBER Fifty-three members of the Solar Temple cult die in mass murder-suicides in Switzerland and Quebec; Human Resources Minister Lloyd Axworthy proposes radical overhaul of spending on social programs; Roger Warren, charged with murder in the 1992 Giant gold mine explosion, goes on trial in Yellowknife; extreme drunkenness is accepted as a defence by the Supreme Court of Canada. The National Hockey League lockout begins; Clinton's health-care plan, the centrepiece of his domestic agenda, is derailed and effectively killed by opponents in Congress; the Nobel Peace Prize is awarded jointly to Israeli Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres and PLO chairman Yasser Arafat; a suicide bomber kills himself and 20 others on a Tel Aviv commuter bus.



MICHEL PONOMAREFF/PONOPRESSE

AUGUST Parti Québécois Leader Jacques Parizeau heads towards victory in the Quebec election campaign; one of Canada's biggest insurers, Confederation Life, is taken over by federal regulators, Michael Jackson and Lisa Marie Presley announce that they were secretly married in May, 300,000 people attend Woodstock '94 on the 25th anniversary of the 1969 rock festival, Zedillo wins Mexico's general election, the IRA announces a ceasefire in Northern Ireland, major-league baseball players go on strike.

SEPTEMBER U.S. marines invade Haiti, forcing the country's military regime to step down and agree to allow the return of President Jean-Bertrand Aristide; USAir jet crashes near Pittsburgh, killing all 136 aboard, the 1994 major-league baseball season is officially cancelled; a man with a history of mental illness steals a small plane and crashes into the White House; the ferry Estonia sinks in the Baltic Sea, killing more than 900 people. The Parti Québécois defeats the Liberals to win power in Quebec, and proceeds with plans to hold a referendum on independence by the end of 1995.



JOHN MCCONNICO/AP



TOM HANSON/CANAPRESS

NOVEMBER Prime Minister Jean Chrétien leads "Team Canada" trade delegation to China; Ottawa lowers Canada's annual immigration ceiling from 250,000 in 1994 to 200,000 in 1995; Saskatchewan farmer Robert Latimer is found guilty of second-degree murder in the death of his severely disabled daughter, Tracy; Roméo LeBlanc is named Canada's 25th governor general, succeeding Ramon Hnatyshyn. Fifty-five Canadian peacekeepers are held hostage for more than two weeks by Bosnian Serbs; Republicans win a majority in both the U.S. Congress and Senate for the first time since 1952.



ROBERT GALBRAITH/REUTER

DECEMBER Bloc Québécois Leader Lucien Bouchard loses his left leg to the rare "flesh-eating disease" necrotizing myositis, prompting an outpouring of sympathy across Quebec and the rest of Canada; Premier Jacques Parizeau unveils the question and process leading up to the independence referendum; interest rates jump again—with the prime rate ending the year at eight per cent. Elsewhere, Russian warplanes bomb the capital of the Caucasian republic of Chechnya as Moscow attempts to subdue its independence movement; 48 people are injured when a man explodes a gasoline bomb on a crowded New York City subway train; the hijacking of a French airliner by Algerian terrorists ends when French commandos storm the plane in Marseilles and abort the hijackers' plan to explode the plane over Paris.

HOOKED ON THE GAME



Schultz with video lottery terminals: desperate actions

Gambling across the Prairies raises fierce new opposition

It is a tragic story that has become all too common. Unable to control her gambling habits, Betty Ann Schultz began stealing money from her employer. At first, she covered her tracks by taking out bank loans to replace the money she took from the cashier's till while she managed a small recycling depot in Strasbourg, Sask., 80 km north of Regina. Finally, both her credit and her luck ran out. Admitting that she stole $9,000, Schultz pleaded guilty in mid-December to a charge of theft over $1,000. Later this month, the 40-year-old separated mother of two, who has no previous criminal record, will be sentenced for her crime.

Meanwhile, in two other Saskatchewan towns, eerily similar stories were unfolding. In Kindersley, Christina Pederson, a mother of five who also worked at a recycling depot, confessed on Dec. 15 to stealing $14,000 from her employer to feed her gambling compulsion. She will be sentenced in February. And on Nov. 16, Karen Koska, a longtime hotel employee in North Battleford, was given a two-year suspended sentence for stealing $34,000 from her bosses. Koska, who was described by the hotel manager as an "otherwise excellent employee," told the court that she initially tried to cover her gambling debts by taking out bank loans and cashing in her RRSPs. But eventually, she said, her gambling addiction drove her to more desperate actions. Aside from the similarity of their circumstances, what is common to the three women is that they were all hooked on playing video lottery terminals (VLTs). A kind of high-tech slot machine, VLTs have become the backbone of a burgeoning gambling industry across the Prairies. "They are the crack cocaine of gambling addiction," says Frank Gribbon, a Regina businessman, recovered compulsive gambler and founder of the Saskatchewan Council on Compulsive Gambling.

Unlike other forms of gambling, where winning or losing usually takes time, the emotional jolt from playing VLTs is immediate. For Schultz, the lure was more than she could resist. Almost daily for more than six months, she would go straight from work to play the machines at the Strasbourg Family Restaurant, sometimes staying until it closed at 11:30 p.m. "It was like I didn't know where I was or what I was doing," recalls Schultz. "I was in this fog, but I would get a thrill with every quarter I played."

The addictive gambling devices have been spreading across the Prairies over the past two years. Premier Roy Romanow's NDP government approved the installation of 3,400 VLTs in licensed bars and restaurants across the province. The government had faced pressure from the provincial hotels association, which said that its members—especially the operators of smaller, cash-strapped rural hotels—desperately needed the added revenue. But it was not just small-town hotel owners who were seduced by the potential windfall. The province currently rakes in 85 per cent of VLT revenues. For 1994 alone, it expects to collect at least $75 million, which will be tallied as general revenue and put towards the deficit.

Neighboring provinces have found the gambling devices equally irresistible. In Manitoba, the provincially owned Lotteries Corp. operates 5,000 VLTs as well a Las Vegas-style casino in the historic Fort Garry Hotel. Last year, the Manitoba government collected $181 million in gambling revenue, and anticipates raking in another $210 million in 1994-1995. Of that, about $90 million will go towards reducing the province's deficit.

It is a similar story in Alberta, where Premier Ralph Klein's Conservative government last year collected $207 million from about 3,700 VLTs. That money was earmarked for community initiatives and to offset health and education expenditures. Today, there are more than 5,600 VLTs in the province, a figure expected to hit 6,000 by March. And just last week, the head of a legislature committee examining all aspects of lottery policy in Alberta said that the provincial government will study allowing Las Vegas-style, for-profit casinos in Alberta. Judy Gordon said that several people in Calgary and Edmonton are eager to open such operations if the province changes its rules on casinos.

But the windfalls come at some political cost. In Saskatchewan, anti-gambling sentiment has steadily grown, with a recent provincewide poll by the Leader-Star News Service showing 72 per cent of respondents with an opinion opposed to the government's policy on increasing access to VLTs and casinos. Critics argue that the government failed to appreciate the social costs of introducing VLTs. Indeed, a toll-free help line for problem gamblers—which fielded 819 calls in the past seven months alone—was not installed until almost a year after the devices first appeared. Meanwhile, the government has scrambled to train a team of 24 addiction counsellors.

But with VLTs already in place across the province, the political focus for the anti-gambling forces has recently shifted to the Romanow government's plans to build and own two Las Vegas-style casinos—one in Regina and one in Saskatoon. In an attempt to prevent Indian bands from opening casinos on reserves, the government struck an agreement with the Federation of Saskatchewan Indian Nations last spring. Under the deal, the natives were to get most of the 800 casino jobs and collect 25 per cent of the gambling revenues.

But what the government did not bet on was widespread public hostility to the proposed casinos. Romanow has declared the Saskatoon casino "dead" after 75 per cent of voters opposed the idea in an October plebiscite. Meanwhile, in Regina, a group called Citizens Against Gambling Expansion (CAGE) won a court decision in November overturning the rezoning of the former Via Rail station that the province purchased as the site for the casino. If that decision is not overturned by an upcoming appeal, the Regina casino is likely also dead. Said Romanow: "We are not going to force casinos on communities that don't want them."

Not surprisingly, the idea of the Romanow government plunging into the gambling business is creating strains in a party that takes pride in its legacy of pioneering social programs such as medicare under the leadership of legendary New Democrats such as Tommy Douglas. "Tommy

Nova Scotia's gamble



With the spin of a wheel, the Nova Scotia government has managed to antagonize a sizable number of its constituents. The government's plan to license two casinos—one in Halifax and the other in the Cape Breton community of Sydney—has drawn sharp condemnation from economists, social workers, psychologists, police officers and the province's main Christian churches. Recent opinion polls suggest that most Nova Scotians are also concerned that casino gambling will bring with it an array of social ills, including an influx of organized crime and increased prostitution. But despite the widespread opposition, Premier John Savage's Liberal government announced in mid-December that a partnership led by the international hotel chain ITT Sheraton had won its bid to open the Nova Scotia gambling houses, starting next spring.

The decision is an economic and social wild card for the province. During the past two years, two separate all-party government committees and the province's lottery commission have all concluded that Nova Scotia is not ready for casinos. Moreover, a poll released last year by Halifax-based Omnifacts Research showed that more than 60 per cent of Nova Scotians oppose the concept. But for the cash-strapped provincial government, the potential tax revenue from casinos proved irresistible. According to Finance Minister Bernie Boudreau, the province—which will join Quebec, Ontario and Manitoba in allowing casinos—will collect a 20-per-cent tax on casino revenues worth an estimated $31 million annually. As well, the government will receive 65 per cent—or an estimated $19 million—of after-expenses profits from the Halifax casino.

Critics are worried the casinos will bring more than tax revenues. In addition to attracting an unsavory criminal element, they fear that casinos will foster gambling addictions and harm the province's image as a tranquil tourist destination. Others warn that the expected financial windfall may not materialize. For example, while the province is touting the gambling houses as a tourist boon, the experience at casinos such as the one in Montreal, which opened in 1993, indicate that most of the betting is done by local residents rather than tourists.

For all of that, the Nova Scotia government, which has an accumulated debt of about $9 billion, clearly likes the odds. But what about the political costs? By ignoring the advice of government committees, opinion polls and a petition carrying 42,000 signatures, the government may have dealt itself a weak hand. "If this thing goes ahead, we have effectively lost democracy," says Ian Coll, head of People Against Casinos, an umbrella organization that is planning a series of anti-gambling rallies in January. "It's a hellish, dangerous situation." Maybe for the government, too—although it will likely take until the next provincial election before the Liberals find out whether or not their gamble has paid off.

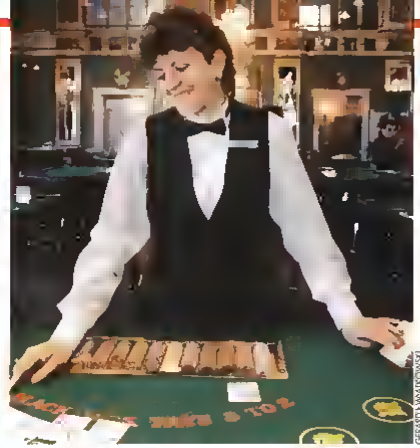
SUSANNE HILLER *in Halifax*



Douglas would be spinning in his grave if he knew what was happening in Saskatchewan," says Ron Clark, a member of CAGE. But so far, Romanow's control of the Saskatchewan NDP has allowed him to keep his critics at bay. At the party's recent annual convention, a resolution calling on the government to eliminate all VLTs and drop plans for its casinos did not even reach the floor for debate. Still, many New Democrats are openly unhappy with the spread of gambling.

One who does not hide his opposition to the government's gambling policy is backbench MLA Serge Kujawa. The onetime senior Crown prosecutor says that he used to prosecute people for doing what the government now does. Kujawa says he has a "very fundamental, very ethical" problem with the government's approach to gambling. "As far as I'm concerned," he said, "it should continue to be where it has been for centuries—an indictable criminal offence." Some other New Democrats are equally opposed to gambling becoming a major growth industry in the province but fear speaking out. "I'm totally opposed," said one Regina businessman and longtime NDP supporter, who asked for anonymity. "There are many of us who would like to openly criticize what's going on, but you don't dare because the government is so vindictive."

Privately, sources say that Romanow is trying to find a way to defuse the gambling debate. With the possibility of a provincial election as early as June, Romanow would like to set aside the casino issue until after the vote. But complicating the situation is the agreement with the province's natives. With the promised casinos in Regina and Saskatoon now in doubt, they are threatening to forge ahead with on-reserve gambling houses.



GERARD WASKOWSKI

Casino at Winnipeg's Fort Garry Hotel: millions

Although the debate is currently focused on casinos, many observers argue that the pervasiveness of the VLTs is a far greater and more insidious social concern. One who has tried to analyze the effects of VLTs is Barbara Gfellner, a Brandon University psychology professor. Of the 507 VLT users surveyed by Gfellner in Manitoba in 1993, 9.3 per cent could be classified as problem, or potential problem, gamblers. But she concedes that the number could be higher because few compulsive gamblers are willing to acknowledge that they are hooked. Adds Gfellner: "They simply incorporate into their behavior a certain amount of guilt because gambling is seen as a negative activity."

Although problem gamblers seem evenly divided between men and women, the study found that women reported a greater change in their behavior after playing the VLTs. Says Gfellner: "Women were more likely than men to rate VLTs as an exciting way to gamble." For recovering gambling addicts like Betty Ann Schultz, that is a lesson that had to be learned the hard way.

DALE EISLER *in Regina with* **MARY NEMETH** *in Calgary*

Stacking the deck

Chrétien gambles on three byelections

The message seemed as clear as a sign on the door: in this fight, at least, anglophones need not apply. Certainly that was one of the first thoughts that occurred to Montreal Liberal MP David Berger in early December when he reluctantly agreed to give up the Saint-Henri/Westmount seat he had held since 1988 to make way for the Liberals' latest new political star, former Quebec cabinet minister Lucienne Robillard. As part of Ottawa's referendum strategy in Quebec, Berger was an obvious sacrificial lamb: even as an aloof backbencher with a low political profile in his own province, the bilingual veteran had kept the constituency a party stronghold—safe enough for fielding a new player in one of three Feb. 13 byelections the government called last week. Still, the blatancy of the decision bothered some. "I agree that I don't have the highest profile," said Berger. "But I'm concerned that the wrong thing will be read into an anglophone MP giving way to a francophone."

Stacking the Liberal deck is only one of the gambles the federal government is obviously determined to take. By setting a February date for two byelections in the Quebec ridings of Saint-Henri/Westmount and Brome/Missisquoi and a third in Ottawa/Vanier, Ottawa is offering the federalist forces a platform during the simultaneous launch in Quebec of public consultations on sovereignty. Patronage appointments—Berger to Prime Minister Jean Chrétien's political staff and Ottawa/Vanier MP Jean-Robert Gauthier to the Senate last November—have also created two questionable byelections at a cost to taxpayers of as much as $750,000 each. "This whole thing will backfire on the government," said Reform MP Edward Harper.



PAUL CHIASSON/CP-AP/PRESS

Berger (left) and Robillard: strategy

In all three byelections, the Liberals, Bloc Québécois and the once powerful Conservatives are preparing to wage all-out battles. And, if only to ensure a platform, the Reform party plans to run its first Quebec candidate in Brome/Missisquoi, vacant since the accidental death last September of rookie Bloc MP Gaston Péloquin. The centre of the Liberal strategy is the 49-year-old Robillard, who held cultural, health and education portfolios in the Liberal governments of Robert Bourassa and Daniel Johnson. Narrowly defeated in the Sept. 12 Quebec election, Robillard is expected by Liberals to accomplish what has so far eluded Chrétien's weak Quebec federal caucus. Said one senior Liberal: "With one or two exceptions, the Liberals are still miserable flops in Quebec. She gives us credibility." That is something the Liberals sorely need in Chrétien's home province.

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to have lunch at Joe's cafe
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for the marketing meeting
just once...
wouldn't it be great to
wear the very best
most expensive
fabulous clothes
and not even think about it
just once...
wouldn't you love to
just walk in and demand
the new business strategy project
and get it
just once...
wouldn't you love to spot
yourself right there next to Brad Pitt
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brains.
fashion.
FLARE
all there.



Canada NOTES

LONG LIFE AND PROSPERITY

The Washington-based World Bank reported that Canada is still one of the richest and healthiest countries in the world. The bank ranked Canada 16th in average annual per capita income, at $28,994. But that is down from last year's 11th-place standing and well behind the top three countries, Switzerland ($50,974), Luxembourg ($50,190) and Japan ($44,030). Average Canadian life expectancy, however, is 78 years, second only to Japan's 79.

HOMEGROWN COUNTRY

The Supreme Court of Canada turned down an application by American TV company Country Music Television Inc. to stay a Canadian Radio-television and Telecommunications Commission requirement that cable operators drop its service on Jan. 1. That was when the Calgary-based New Country Network, one of eight new specialty channels, was to go on the air. U.S. Trade Representative Mickey Kantor had warned of a trade fight if the American service is barred.

A TIMELY RESCUE

Lightkeepers at Entrance Island, B.C., near Nanaimo, spotted and rescued a 43-year-old kayaker who capsized and spent almost 30 minutes in cold, choppy waters off Vancouver Island. Hennigs into the federal government's plan to remove the keepers from all 35 staffed lights on the West Coast in a cost-cutting measure resume next week. Mariners say last week's experience proves the cutback would endanger lives.

IMMIGRATION REVERSAL

Federal immigration officials decided to revoke a no-detention policy at Toronto's Pearson International Airport. The policy, which began on Dec. 20 for a two-week trial run, prevented immigration officers from detaining incoming passengers unless authorized by a supervisor. Officials said the plan was revoked because previously unavailable detention space for immigration offenders in the Toronto area had opened up.

NATIVE TAX REVOLT

As a native protest at a Revenue Canada building in Toronto entered its third week, traditional dancers and drummers staged a powwow to lift the spirits of about two dozen people occupying the fifth floor of the building. The protesters want the federal government to scrap new regulations that, effective at the beginning of 1995, will eliminate income-tax exemptions for up to 3,000 status Indians who do not have a "significant" link to reserves.



WARREN TODA/CANADA WIDE

Audrey Cohen's parents, Elspeth (left), and Paul, declining to talk to police

A girl's mysterious death

Mystery surrounded the death of Audrey Cohen, a nine-year-old girl with severe physical and mental disabilities whose body was found on Boxing Day in the bathtub of her family's suburban Toronto townhouse. Although an autopsy revealed that the girl, who was confined to a wheelchair, died of asphyxiation, the result of a lack of oxygen to the brain caused by drowning, suffocation or choking, police were unable to determine the exact circumstances of her death. And they immediately hit a major roadblock in their investigation. Audrey's parents, Paul Cohen, 33, and his wife, Elspeth, 36, declined to talk to them.

According to the Cohens' lawyer, Edward Greenspan, the couple was in shock and simply trying to mourn the death of their daughter. "When the police arrived at the scene of this terrible tragedy, the first thing they did was to treat Paul and Elspeth as suspects," said Greenspan. "The police separated Paul and Elspeth and did not allow them to be together at this most terrible time in both of their lives." But police officials denied several of Greenspan's claims, including the allegation that the couple was separated.

Many unanswered questions remained. According to Det. Peter Gibson, the girl's body had been scalded with "serious, deep burns." And homicide detectives complained that the Cohens' silence hampered the police investigation. "They have some unanswered questions that need to be answered," said Staff Insp. Bob Clarke. "They need those answers so they can determine what occurred."

Holiday theft

There was both bad news and good news for Russian, Czech and German hockey players at the world junior championships in central Alberta last week. First, thieves using crowbars broke into about 40 rooms in a Red Deer hotel where the three teams were staying and made off with an undetermined amount of money in a variety of currencies. But although the RCMP had yet to catch the culprits, Al Pasutto, owner of the Capri Centre hotel where the robberies occurred, reimbursed the shocked players to cover their losses. "Although we feel there was probably no legal obligation, certainly we felt there was a moral obligation," said Pasutto. "And because of the bad publicity the city of Red Deer and particularly the Capri Centre had, we felt we'd like to make things right for these people."



Channel Tunnel train preparing to leave London: an unneighborly debate

NEWSFOTO

EUROBASHING

British anger grows with closer European ties

To the English, continental Europe has been, alternately, a place to avoid, a place to wage war and a place to shop. It has seldom been a place to love. Even outside of England's most xenophobic pockets, few words can curl lips into a sneer as reliably as "Europe." In the 1990s, as an irritated British public increasingly chafes under the political collar of the European Union (EU), "Europe" now conjures yet another image: one of meddling bureaucrats at the EU headquarters in Brussels run amok, lecturing national legislatures on how to govern their own people.

The list of grievances seems endless. Take last year's European Commission Regulation No. 2257/94, which prohibits the sale of bananas with "abnormal curvature." English pubs rocked with derisive laughter over that one. But British employers were not laughing in December when the country's highest court ruled that European law required them to grant more generous benefits to part-time workers. Employment Secretary Michael Portillo, a well-known "Eurosceptic," angrily predicted that the added financial burden on businesses would lead to higher domestic unemployment.

When the European Commission on Human Rights ruled last month that Britain could no longer keep juvenile murderers in jail for as long as the government pleased, the Eurosceptics grumbled again. Citing a hypothetical example, they demanded to know whether European judges would really be allowed to override British politicians in determining the prison sentences of the two preteens who killed toddler James Bulger in Liverpool in 1993. "Each week brings another example of European institutions accumulating powers," complained Conservative backbencher William Cash, whose anti-European stance has made him an outspoken critic of his own government. "We don't govern ourselves the way we used to, and the only way out is to say 'No' to Europe before we find that the national Parliament has been emasculated." Added Cash emphatically: "The British people don't want this."

Indeed, each new writ from Brussels seems to increase anti-union sentiment. The issue of European integration is centre stage in British politics as it has not been since the bitter battle leading to the country's 1973 entry into what was then called the European Economic Community. And its resurgence—ironically, at a time when the Channel Tunnel has made travel back and forth to the Continent easier than ever—threatens to break John Major's already unpopular government, which is hopelessly divided over the merits of further European integration. In his year-end message to Tory party members, Major warned that European union was the "one issue above all others which threatens to destroy our party from within."

That debate comes at a crucial time in the continent-wide march to European federalism. over the next two years, the member countries of the EU—with the addition of Austria, Finland and Sweden on Jan. 1, there are now 15—will decide how much power they will hand over to European bodies such as the European Parliament based in Strasbourg, France. In particular, they must choose whether to proceed with the creation of a single European currency—to be called the ecu, for European Currency Unit—by the end of the decade, which would herald a dramatic shift of economic power away from national governments to a European central bank.

To true believers, there was always an ideological certainty about European federalism: its time would come, inevitably and inexorably. Most of its leading advocates belonged to the generation whose views were shaped by this century's two cataclysmic wars. Their preoccupation was to avoid a third. And their solution was to contain national ambitions inside a broader European interest, beginning with the 1957 Treaty of Rome, which created the European Community.

Since then, the tide of popular support for union has risen and fallen many times. These days, however, it is getting harder to find champions of the federalist cause. French President François Mitterrand, a pillar of the EU during his 14 years in power, is spending his final days in office obsessively tidying his personal historical record. His replacement after next May's elections is almost certain to come from the ranks of French nationalists, in tune with French voters who are increasingly suspicious of the EU. (For one thing, the powerful French farm lobby worries that the union's continued expansion will one day bring the huge Polish agricultural economy into the union.) France's leading proponent of European federalism, Jacques Delors, is set to retire this month after 10 years as EU president, and recently balked at running for the French presidency. Delors's refusal was due, in large part, to his belief that his candidacy would turn the presidential race into a shadow referendum on European union—a faceoff he believed he would lose.

"The only politician who is really still pushing the federal case is [German chancellor] Helmut Kohl, and even in Germany there are growing reservations about it," said Gordon Smith, professor emeritus of government at the London School of Economics. "Kohl is holding to the official line of support for Europe for now. But he is Europe's smartest politician, and he never pushes for something beyond what is workable."

Across the Continent, almost all the emerging voices are anti-European crusaders. One of the most prominent, British financier Sir James Goldsmith, currently tops French nonfiction best-seller lists with *The Trap*, which warns that integration is leading Europe to economic Armageddon. And MPs like Cash, once dismissed as cranks, are suddenly showing up on national talk shows, heralded as beacons of a new populism. Even Britain's Labour Party, which holds a commanding 39-point lead over the Tories in opinion polls, has softened its traditional pro-European stance in the face of the hostile mood. In the past, Labour supporters have looked to Europe as a backdoor route to bringing social reforms to the country. But, said Labour Leader Tony Blair in a year-end television interview with David Frost, "the days of this being decided by political elites are over. If we're going to take this country further into a more integrated Europe, it has to be done with the consent of the people."

That could mean a national referendum, an idea currently being bandied about by Major as a way of avoiding an internal party showdown over the EU. Most Eurosceptics believe that they could win a referendum. Opinion polls, at this stage, bear that out. A survey in late November showed those Britons opposed to a single currency running 23 points ahead of those in favor. "The longer the debate goes on, the more the anti-European hand is strengthened," said polling analyst Roger Mortimore.

Despite that, the pro-European forces insist that they, too, would welcome a referendum. "British federalists are looking forward to the scrap," said Andrew Duff, director of the London-based Federal Trust. Duff argues that only a full public airing can lift the debate above the sensationalism that greets such incidents as the banana directive. "Some of the fears are fantastical," he said. "But in a sober debate, if the British people were asked to choose between a strong and stable Euro-currency, and a perpetually devaluing pound sterling, I have no doubt they will choose the Euro-currency."

There is still a strain of historical determinism to the pro-federal argument. "There are huge cultural and economic changes upon us, and it is absurd to think national governments can manage these changes alone," said Duff. He also argues that there are few real "national" interests at stake. "The notion of a British interest in the Community is nonsense," he said. "But there *is* a farmers' interest, an employers' interest, an architects' interest."

The EU, to be sure, still has friends and supporters. The appeal of a bigger market was what attracted Britain to the Community in the 1970s, just as it now entices upwardly mobile nations such as the Czech Republic. Poorer countries on the fringe, such as Greece and Ireland, also see lucrative benefits in membership. And the EU remains popular in those parts of Europe where regional loyalties are especially strong—Scotland and northern Italy, for example. For people in those areas, the union represents a more palatable alternative to existing national governments.

But Europe does appear poised for a great debate over the political shape it will take into the next century. "It will be a bloody argument, but we need to be shaken up," said Duff. The question is whether the nationalism that has been the hallmark of European history takes precedence, or whether, as the legal sage Lord Denning wrote in 1974, European unity is like an "incoming tide that cannot be held back."

BRUCE WALLACE *in London*



Kohl (left) and Major in Germany last month: internal squabbles

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Indiana Jones Knows Best

By Ben Wicks, humorist and writer

"IT'S A JUNGLE OUT THERE." How many times have we heard that? Well, it *is* a jungle out there.

In the world of mutual funds over the past year, all manner of dangers have appeared to scare even the most confident of investors.

The cry heard from many who bought mutual funds over the past few years is, "Should I hold on to them or cash them in?" Certainly the market has not performed as well as many investors hoped. Strange as it may seem, this is probably the ideal time to buy mutual funds or to increase the investments you have.

Many stocks have fallen and are now being offered at extremely attractive prices. Let's face it. The simple rule of the market is to buy low and be in the happy position of seeing the investment climb

What's the difference between a sound mutual fund investment and one that just "sounds good"?



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However, now is probably the perfect time to reassess why it was we bought our mutual funds in the first place.

Many buyers were strangers to the stock market. We wanted to invest but knew little or nothing about where to place our money. For this reason we pooled our money with others and, with the guidance of an expert, we set off as a group to find investments that over the years would increase in value. We hoped these investments would not only keep pace with inflation but, in the long run, return a healthy profit.

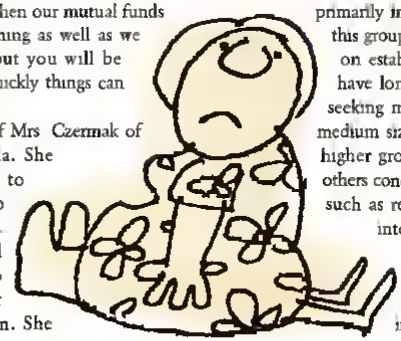
At the time we felt our decision was a wise one. It was. Nothing has changed. We made certain investments, funds that will, over the long run, increase in value.

Let's face it. Our stocks are managed by an expert, someone who has spent years studying investments. Was that not the reason we choose them in the first place? If we were in search of the lost ark and using Indiana Jones as our guide, we'd feel pretty safe. Right?

Sure, there are times when we feel that we know better than our guide or expert and want to leave the party. But is that any reason to suddenly decide that we know better than Indiana Jones and leap out of the canoe? Would he sell the lost ark he had struggled to find a short while after he had gotten his hands on it? Of course he would not. He would take it home and wait as the value increased over time.

Mutual funds are no different. We got a financial advisor to guide and advise us, so we should stick with him or her.

Every study ever done has shown that, over time, market-related investments have always added significantly to their value. For this reason the smart investor sees them as a long-term investment. There may be times when our mutual funds are not performing as well as we would hope, but you will be amazed how quickly things can turn around.



Just think of Mrs. Czermak of Czechoslovakia. She arrived home to her apartment to terrible news. Her husband had decided to leave her for another woman. She was so distraught that she threw herself from the third-storey window ... and fell on him. He was coming home from work and her unexpected arrival killed him. Now Mrs. Czermak is married to the most marvelous man and is extremely happy.

So no matter how disappointing a day may seem or whatever happens in the market, it is just a matter of patience. Remember, like Mrs. Czermak, the smart investor should hang in for the brighter future which lies ahead.

YOUR GUIDE TO MUTUAL FUNDS

3

Types of Funds

By Steven Kelman, Vice President, Dynamic Mutual Funds

Novice investors to the mutual fund market likely feel overwhelmed by the choices. Indeed, The Investment Funds Institute of Canada (IFIC) members offer 727 different funds. However, they can be slotted into different categories based on objectives. For instance, if your savings objective is short term, say for the down payment on a home, and you cannot take any risk, you would likely choose from among money market funds. These generally invest in top quality short-term investments such as treasury bills that have the most stable values.

If long-term growth is your goal, consider equity mutual funds. These invest in shares of companies and, as an investor, you receive any income and capital gains distributions as well as benefiting from long term capital appreciation. Within the equity funds IFIC members offer, there are several sub-categories designed to meet specific investor needs. Investors looking for growth tied to the Canadian economy can choose from a wide range of funds which invest primarily in Canadian common shares. Even within this group there is a huge variety. Some concentrate on established senior companies many of which have long histories of paying dividends. Others, seeking more growth, will emphasize smaller and medium sized companies which are likely to have a higher growth rate than the general market. Still others concentrate in specific segments of the market such as resources. Canadians seeking to diversify internationally have a wide range of funds from which to choose. Most IFIC members offer funds tied to the U.S. stock market. Many have funds which invest in Europe, the Far East or in specific

countries such as Japan. Lately a number of fund companies have established funds which invest in stocks in some of the emerging markets of the world. Emerging market economies are likely to have growth rates far above those of Canada, the U.S. and the other industrialized nations. Returns from such markets are likely to vary more on a year-to-year basis than returns from the more established markets.

In addition to growth, many Canadians invest for income. IFIC members serve this market by offering bond funds, mortgage funds and preferred dividend funds. Bond funds and mortgage funds distribute the interest income they earn to investors. Preferred dividend funds distribute the dividend income they earn. These distributions are eligible for the dividend tax credit which has the effect of reducing the tax rate investors pay on dividend income compared to interest income. Prices of bond fund, mortgage fund and dividend fund units tend to vary less than prices of equity fund units.



"With so many investment choices, it has never been easier for even the most sophisticated investors to make a wrong investment decision."

Almost all mortgage funds and most bond funds invest only in Canadian markets. There are, however, close to 40 mutual funds which invest in bonds denominated in foreign currencies.

These meet the needs of people who want some international exposure in the bond market to benefit from higher potential returns or appreciation in the value of foreign currencies relative to the Canadian dollar. Many of these funds are RRSP-eligible because they invest in bonds issued by Canadian provinces and crown corporations.

Most foreign currency bond funds invest in the currencies of the major industrialized countries. Some, however, seek higher returns by investing in the debt of some of the lesser developed countries or in emerging markets. These countries often pay spectacular yields on their currencies. But their currency values tend to move widely. For those who want a balance–both income and growth–many IFIC members offer balanced funds or asset allocation funds that combine equities and bonds.

Finding the Best Mutual Fund

By Chethan Lakshman, Fidelity Investments Canada Ltd

As arguably the most successful mutual fund manager in the world, Peter Lynch is fond of remarking on investors' seemingly divergent tactics of spending money and making money.

"People will spend so much time researching and finding out the best refrigerator to buy or work so hard to save $300 on a ticket to Hawaii," Lynch says, "but they'll put $20,000 on a stock by sundown because of a tip they heard on the bus that morning."

The immense growth of the Canadian mutual fund industry and the explosion in the number of funds offered to Canadian investors magnifies the importance for investors to make the most well informed decision possible. With so many investment choices, it has never been easier for even the most sophisticated investors to make a wrong investment decision.

Like the refrigerator shopper or the holiday bargain-hunter, finding the best mutual fund for you takes a bit of research.

1 How much risk are you comfortable with? Investment research starts at home – not in the business pages, the library, or at your financial adviser's office. Understanding your own investment goals and risk profile are some of the most important components of the investment process. A retirement savings plan started by a 28-year-old carries a different set of risk and investment expectations than a plan started by a 55-year-old. The longer the investment horizon, the less you should be concerned about daily ups and downs in the market.

2 What is your investment personality? Recognizing and measuring risk goes hand in hand with determining your investment goals. If risk is a measure of how far your investment

Strength in Numbers

1832
Jardine Matheson
founded in
Hong Kong
E&P Asian Growth
Fund

1869
Goldman Sachs
founded in New York
E&P American
Growth Fund

1873
Flemings
founded in London
E&P Global Equity
Balanced & Bond
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1949
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Money T-Bill Bond
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Jardine Fleming
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Elliott & Page
Toronto

6000
Employees
located in 32
countries around
the world

11
Funds in the family
Money T-Bill Bond
Balanced Equity
American Growth,
Global Bond Equity
Balanced
Emerging Markets
& Asian Growth

45
Offices
in 32
countries
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11

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can fall, investors should answer some very important questions. What is the risk to my principal? What is my expected rate of return? How will I react to an unexpected decline in my investment? What is my time horizon for this investment?

The answers to the above questions make up your investment personality and reflect your attitude toward risk. You should also realize that the market conditions in which you invest are going to change. Your goal should be to develop a portfolio that will perform well in the different types of market conditions you can expect in your investment time horizon.

How do I know if my mutual fund matches my risk profile? After examining your own investment goals and risk profile, identify the mutual fund manager who best suits you. There are different types of mutual funds suited to different risk profiles. For example, people with longer time horizons might consider investing in international equity funds while people with shorter time horizons may consider a conservative balanced fund or a money market fund.

Mutual fund investors should look at how mutual fund managers pick investments. What criteria does the manager use? Is the fund limited to investing in highly rated companies only? While past performance is not an indication of future returns, how has the investment manager performed during rising and falling markets. How consistent are the returns with the fund's investment objectives?

Refer to the marketing material, prospectuses, newspaper articles and any other information available about a fund. Whether you get this information from a broker, financial planner, mutual fund dealer or a mutual fund sales person at your financial institution, make sure this person knows your investment goals so he or she can recommend the best investment for you.

4 What should I expect from my mutual fund investment? Your investment goals reflect your investment expectations. If your goal is to invest for your retirement 25 years later, you could afford to take a moderate amount of risk by investing in an equity growth fund to achieve a consistent long-term return. Short-term market volatility and risk is not your biggest concern since you have decided to invest your money over many years.

Avoiding short-term market dips is perhaps one of your biggest concerns if your time horizon is much shorter – if you are saving for a home purchase, for example. Your risk profile and investment goals naturally direct you toward a more conservative investment, such as a money market fund, that will preserve your principal.

5 If my mutual fund does not appear among the top ten performers this month, have I made a mistake? Mutual funds should always be considered a long-term investment. The important rule to remember is that there are no successful get-rich-quick schemes in the financial markets. Whether your fund is among the top ten performers from last month is not a guarantee of where it will perform next month or next year.

There are appropriate times for you to re-evaluate your investments. Occasionally, mutual fund companies will alert you to formal changes in the fund's objective or manager. Or, as you grow older or begin new stages of life, your risk profile and investment goals will change. The fund that was right for you five years ago may no longer suit you. Take time to read the fund material sent to you or talk to your financial advisor about whether this investment still matches your needs.

The key to all investing is your comfort level with your investment. If your mutual fund investments still suit your goals and risk profile, then why change them? If you decide to change your investments, be comfortable about the reasons.

A good test of your comfort level is your ability to explain the reasons for your decision to someone, even to yourself. If you can not articulate the reasons why you want to buy, sell or switch your investment, you probably need to do more research or talk to your financial advisor.

Peter Lynch grew a mutual fund from $27 million to more than $19 billion in 13 years by constantly monitoring his comfort level with his investments. "The most important organ in the body is not the brain, it's the stomach. What is your gut feeling about your investment decision?"

If you have considered and followed the points made here and consulted with a financial advisor, you too should have enough information to choose and keep a calm stomach about your investments.

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This unique service maintains your asset mix by making quarterly adjustments to your portfolio. Over the long term it can also help you buy low and sell high (minimum investment of $10,000)

RRSP Foreign Content Monitoring.
This service makes sure that your investments do not exceed the 20% RRSP foreign content limit

RRSPs.
We have 11 diverse no-load Mutual Funds that are 100% RRSP-eligible and 5 foreign content funds which can qualify for up to 20% of your RRSP total

Time. It seems there's never enough of it. So the last thing you want to do is waste precious hours monitoring your investments when we can do it for you.

With Scotia Investment Selector,™ the Scotia Autopilot™ Service, and our new RRSP Foreign Content Monitoring we help ensure that your investments stay on the course you set for them. Which means you can spend your time on other priorities.

So for more information on this unique combination of services and our no load, RRSP-eligible mutual funds, drop by your nearest Scotiabank branch or call **1-800-268-9269**.

Scotia Investment Selector.
Our representatives will meet with you to discuss your investment objectives and help you select the asset mix that's right for you

Scotia's Global Funds.
We offer mutual funds in some of the fastest growing markets in the world. Scotia Pacific Rim Fund, Scotia Latin American Fund, Scotia Global Bond Fund and Scotia Global Growth Fund

Scotia Mutual Funds

Scotia Securities

™ Trade-marks of The Bank of Nova Scotia.
Important information about Scotia Mutual Funds is contained in their Simplified Prospectus. Obtain a copy from your local Scotiabank branch. You should read the prospectus carefully before investing. Unit values, yields and investment returns will fluctuate.

RRSPs and Mutual Funds

Every year, Canadians invest millions of dollars of Registered Retirement Savings Plan money in mutual funds. Today, approximately 30 per cent or about $39 billion of the $129 billion invested in mutual funds is in RRSPs.

There many good reasons for the popularity of mutual funds as RRSP investments. Few investments can match the convenience and variety of mutual funds. What is more, investors who put their RRSP money into mutual funds benefit from the expertise of professional money managers.

Mutual funds can fit with almost any investors retirement savings objectives, from the most conservative low-risk strategy of preserving capital to an aggressive strategy that aims for rapid investment growth. There is no reason for investors to restrict themselves to one fund, a wide range of funds can be held in separate RRSPs or under the umbrella of a self-directed RRSP.

By investing in a number of funds, an investor can build a diversified RRSP portfolio that encompasses several types of investments. For example, low-risk fixed-income funds can form the cornerstone of a portfolio while more aggressive equity funds increase the growth potential of RRSP savings. By carefully structuring a retirement savings portfolio with many types of mutual funds, the portfolio can generate higher and more stable returns than an investment in just one type of asset.

Mutual funds also allow the flexibility to adjust the RRSP asset mix as an investor's financial circumstances change. For example, a young investor may want to take a more aggressive stance by holding a large percentage of an RRSP in equity funds, while someone closer to retirement may want to reduce risk to capital by holding more in low-risk fixed-income investments. Most mutual fund organizations allow investors to switch investments among different funds.

As is the case with all RRSPs, your investments grow free of income tax until they are withdrawn. Plus, your contribution will generate an immediate tax break.

Most Canadian mutual funds are fully eligible RRSP investments. Even funds that are not fully eligible because they invest in foreign securities can be held in an RRSP, up to certain limits. Under government regulations, up to 20 per cent of the book value (the purchase price of investments, not their current market value) of an RRSP can consist of eligible foreign securities, including mutual funds that invest in international markets. This provides investors with the potential to capitalize on growth in foreign markets, such as Europe and the Far East.

Foreign property is generally held within self-directed RRSPs. These are umbrellas under which virtually any type of RRSP-eligible investment can be held. Self-directed RRSPs are offered by many fund companies as well as financial organizations such as investment dealers. Fully RRSP-eligible mutual funds can also be held in self-directed plans, or simply registered as RRSP investments.

The large pool of money contributed by investors allows a fund to invest in a wide range of securities. For example, an equity fund may hold dozens, or perhaps hundreds of individual stocks, something an individual with limited capital could not afford to do on his or her own. Each investor in the fund owns a portion of those shares and benefits from the fund's diversification.

Mutual funds are also conveniently accessible. Contributing to mutual funds as part of an RRSP strategy can take only a few minutes. Contributions can be made on any business day, and in many cases on weekends. In most cases, fund holdings can be redeemed at any time.

Mutual Fund Portfolio Management: *What Fund Managers Do What Makes Them Successful*

By Geoffrey Batley, a Toronto writer

To understand the role a fund manager plays in administering a mutual fund, it is important to be clear about what precisely a mutual fund is. A good working definition is provided by Steven Kelman, an investment counsellor and widely acknowledged expert on registered retirement savings plans and personal financial planning. He is author of the excellent and comprehensive *Understanding Mutual Funds* (Financial Times Personal Finance Library). In that book Kelman explains:

"A mutual fund is a pool of savings that belongs to many investors This pool is invested by a professional manager or team of managers in a broad portfolio of investments. Depending on the objectives of the fund, these can be Canadian common stocks, foreign common stocks, bonds, mortgages, preferred shares, precious metals, specialty investments, treasury bills or combinations of several groups."

The key advantage of investing in a mutual fund is, of course, that even someone with a limited amount of money can take advantage of a portfolio that is professionally managed

Typically, a traditional stockbroker – whose income depends on generating several thousands of dollars of commissions on trades – would find it unprofitable to handle a small account. The "economy of scale" provided by a mutual fund means that the cost of professional management is spread widely and democratically through the fund's investors As a result, the average investor is likely to pay approximately 2 per cent or 3 per cent of the value of his or her investment per year for portfolio management and other fund expenses, excluding the cost of trades



"... a professional qualification is only a small - though reassuring - ingredient in that total mix of characteristics that make up a fund manager of exceptional talent."

As Kelman observes "Mutual funds offer professional investment management at an affordable price. They offer safety through diversified portfolios There is a broad choice of funds to meet virtually every investment objective. Finally, funds have given investors excellent returns, better than most individuals would have been able to achieve on their own"

While there is no hard-and-fast rule about how to maximize your chances of success as an investor in mutual funds, few single factors are more important in determining the long-term profitability of a mutual fund than the quality of its management.

We talked to some of the most knowledgeable and influential fund managers in Canada, working for some of the most successful mutual fund companies in the country, in an attempt to capture the key characteristics a winning fund portfolio manager needs to have

Remember, fund portfolio managers generally have extensive experience in investments and most will have taken professional training courses that entitle them to claim the designation of Chartered Financial Analyst Of course, a professional qualification is only a small – though reassuring – ingredient in that total mix of characteristics that make up a fund manager of exceptional talent

WHAT TO LOOK FOR IN A TOP MUTUAL FUND PORTFOLIO MANAGER

1 EXPERIENCE AND INSTINCT

Fund managers are not usually young They are rarely like the hotshots portrayed in *Bonfire Of The Vanities*. The job requires mental rather than physical toughness. Fund management is not particularly technical, though instinct is important

2 DISCIPLINE

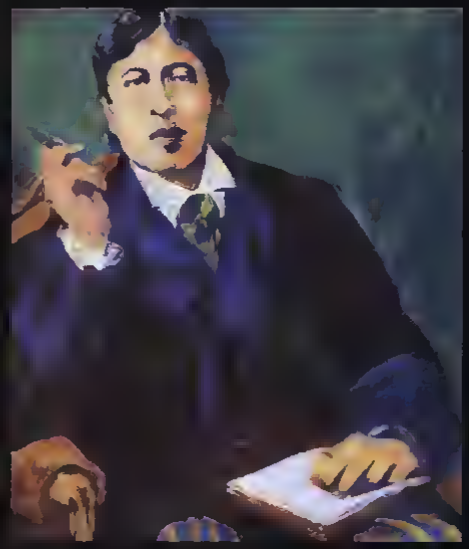
It is important for fund managers to have a methodology and stick to it A good fund manager takes the long view, operating often against a five – year time frame and builds a portfolio one stock at a time

3 THIRST FOR RESEARCH

A top fund manager reads the business press avidly *The Wall Street Journal, the Financial Times of London* and *The Globe and Mail* are all essential reading Fund managers are trained to develop a global network of brokers, government contacts and business contacts to help them make informed investment decisions

"It's Better To Have A Permanent Income Than To Be Fascinating."

~Oscar Wilde~



At Altamira we most emphatically endorse these pragmatic If somewhat uncharacteristic sentiments of Mr Wilde. After all, helping you to achieve this state of economic security is our goal To this end we work harder and smarter to make your money grow and to maximize your retirement income.

Altamira's philosophy of active portfolio management by the industry's leading fund managers has consistently delivered superior performance over the last quarter century. As you can see by the numbers below.

ALTAMIRA CAPITAL GROWTH FUND†
Investing in larger Canadian companies

1 Year	*3 Years*	*5 Years*	*10 Years*
4.4%	*14.2%*	*9.7%*	*10.0%*

And Altamira's policy of no front or back load fees saves you money from the start

So, go ahead Start to build a portfolio with Altamira and establish a permanent income. After all, you're probably already fascinating enough as it is.

Call us for a free information kit.* Or, if you like, ask to talk to one of our RRSP Specialists about our no-load mutual funds.
Call 1-800-263-7396, ext. 23.

*Mutual Funds are sold by prospectus only. The simplified prospectus contains information which we recommend you read carefully before investing. Unit values and investment returns can fluctuate As with all Altamira Mutual Funds there is no front or back-end load, only a one time forty dollar set up fee †Altamira assumed management in December 1988

Altamira RRSPs

The Bassini Agenda.



HIGH ABOVE THE GRID-LOCKED MANHATTAN TRAFFIC, Emilio Bassini quietly flicks off his terminal and watches the screen fade to black

It's been a rewarding day. His one year performance figures for C.I. Mutual Funds are up significantly; C.I. Latin American... up 19.1%, C.I. Emerging Markets... up 12.6%, C.I. Global... up 7.8%. But then investment performance has always been top priority on his professional agenda.

He reaches over and switches the computer back on. As the screen comes alive, he's already punching in the symbol for the Sao Paolo Exchange. There it is, just as he thought, an exceptional profit opportunity overlooked by other investors...

Emilio Bassini is Managing Director of International Equities at BEA Associates, a New York based investment counselling firm managing over $30 billion in assets.

C.I. Mutual Funds retains some of the world's most respected money managers to bring Canadian investors consistently superior performance through sound investment decisions.

MILES AWAY, A CANADIAN FINANCIAL ADVISER PORES OVER Bassini's most recent portfolio mix and economic analysis. "It's amazing... Bassini sure knows how to pick the winners."

That would be good news for his clients, especially those needing international diversification. He could barely contain his excitement...

To discuss the advantages of C.I. Mutual Funds, speak with your financial adviser today. Or to receive information directly call C.I Mutual Funds at 1-800-268-9374.

FUND PERFORMANCE TO NOVEMBER 30, 1994	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
C.I. LATIN AMERICAN	19.1%	N/A	N/A	22.6%
C.I. EMERGING MARKETS	12.6%	23.7%	N/A	22.6%
C.I. GLOBAL	7.8%	17.4%	12.0%	9.3%

C.I. MUTUAL FUNDS

THE RIGHT CONNECTIONS

The indicated rates of return are the historical annual compound rates of return including changes in the unit value and reinvestment of dividends, and do not take into account sales, redemption, distribution or optional charges payable by any securityholder which would have reduced returns. Important information about these mutual funds is contained in the simplified prospectus. Obtain a copy from C.I. Fund Management Inc., 151 Yonge Street, Seventh Floor, Toronto, Ontario M5C 2Y2. Read the prospectus carefully before investing. Unit value, yields and investment returns will fluctuate. All performance data represents past performance and is not necessarily indicative of future performance. Inception dates are: C.I. Latin American Fund - September, 1993, C.I. Emerging Markets Fund - September, 1991 and C.I. Global Fund - February, 1986.

4 FLEXIBILITY AND HUMILITY

Successful fund managers are flexible and have a strong sense of humility. They need both characteristics because - from time to time - their judgments will be wrong. That is when the best of them admit their mistakes, reconsider their options and go forward again.

5 CONFIDENCE AND AN IRON CONSTITUTION

Sleepless nights are a fact of life for a fund manager, particularly when the market is in decline. A disruptive world event can create a major opportunity. Earthquakes, war and other natural disasters are things a great fund manager can turn to advantage. That takes confidence and nerve.

6 ACCESSIBILITY

A fund manager might be responsible for 250,000 or more investors and he or she cannot talk directly to everyone. But fund managers try to keep in close touch with their front line investment constituency, such as brokers and financial planners. And they have to conduct literally dozens of management interviews with individual companies every year to stay on top of initiatives, developments and trends.

However talented the fund manager, for the average Canadian investor, choosing the right fund or funds to invest in from the close to 1,000 currently available to us, can still be a source of confusion and concern. Never has this been more true than during the past two years.

In the early 90s, the lowest interest rates in years precipitated a flood of "GIC refugees." Tens of thousands of Canadians abandoned the sanctuary of guaranteed investments in favor of the higher returns promised by mutual funds. Many moved their money into bond and mortgage funds. When interest rates recovered during the first half of 1992, many small Canadian investors were startled by the decline in value of their holdings, whose unit values fell as interest rates rose.

It is this kind of jolting experience that can generate investor skepticism about mutual funds, though as every fund manager will tell you, short-term setbacks are an inevitable part of the investment process. But adopting a longer term strategy, most mutual fund professionals explain, helps stack the odds of success in your favor. Said one top fund manager: "Long-term total return is a much more sensible objective than quarterly relative performance."

The Scoop on Fees and Commissions

By Professor Eric Kirzner, University of Toronto

The issue of fees for mutual funds is becoming extremely complex. Part of the problem is the blurring between loads, sales fees and management fees. Here is the scoop.

Mutual fund loads or commissions are designed as compensation to the broker or agent for advising and arranging the transaction. They come in a variety of packages and options, and since there is no universal measure, it is important to understand exactly what you are paying for. The load should be considered in light of the funds' management expenses which include advisory, distribution and other operating expenses. These are disclosed to investors in funds' financial statements and are generally shown as a percentage of fund assets, called the management expense ratio (MER). Both load and no-load funds charge fees which average, at least for Canadian equity funds, about 2.15% and are deducted from the net asset value per share.

Front-end loads are still used. These are paid at the time of purchase and are calculated on the total investment. If you invest $10,000 in a mutual fund and pay a 5 per cent front-end load, the commission you pay is $500. This represents a load of 5.26 per cent as a percentage of the $9,500 that goes to the purchase of units. Although loads can be published as high as 9 per cent they are negotiable and can normally be lowered depending on the size of your order and your bargaining skills. The most you are likely to pay is a 6 per cent commission and 3 per cent to 4 per cent is closer to the norm. Commission levels also vary by fund category with different fees levied on debt and equity funds.

Back-end loads, or deferred declining charges, have recently proliferated in use. This option allows you to pay a commission upon redemption, typically on a scaled-down basis reflecting the number of years you hold the fund. For example, the load may be 5.5 per cent if you redeem in the first year, tapering off to nothing if you hold it for more than seven years. This deferred method sounds like the best approach on the surface, but there are drawbacks. The management fees are sometimes higher for the back-end load choice, so the reduced commission associated with holding the fund is balanced (although not necessarily equally) against the increased manage-



NOW. AN OPTIMUM ASSET MIX FOR YOUR RRSP, BUILT WITH LEADING-EDGE TECHNOLOGY OF THE TYPE USED BY MANY OF THE WORLD'S MOST SOPHISTICATED INVESTORS — DESIGNED TO GENERATE SUPERIOR RETURNS WITH LOWER VOLATILITY.

It's the final frontier in RRSP investing. For decades, sophisticated computer-based strategic asset allocation systems have been the preserve of institutional investors – who realize that more than 80% of longer-term investment success comes from correctly choosing the right types of investments.

Now, through Mackenzie Financial's STAR program, your financial advisor is equipped with the same leading-edge technology – to select a portfolio of mutual funds to match your RRSP investment needs.

STAR first establishes what your goals are ... and how much risk you're prepared to take to reach them.

It then delivers an appropriate, and automatically updated portfolio, independently structured by Garmaise Investment Technologies, with the right degree of diversification and the right mix of funds – a portfolio designed with the goal of building more consistently rewarding long-term results and greater peace of mind.

For detailed information on STAR from Mackenzie – and investments that can help to build *your* financial independence – speak with your investment advisor.

Mackenzie
Building Financial Independence

Invest wisely: Important information about the STAR asset allocation program is contained in the simplified prospectuses of the Universal Funds, The Industrial Group of Funds and Ivy Funds. Obtain copies from an investment advisor and read them carefully before investing. Unit values and investment returns of each fund within your STAR portfolio are not guaranteed and will fluctuate, as will the overall market value of your STAR portfolio reflecting changes in the value of the underlying funds. Review your investment risk/return objectives on a regular basis with your financial advisor to determine whether a change to a different STAR portfolio would be appropriate to reflect changes in your personal investment goals.

ment fee paid Furthermore, the fee in some cases is based on market value rather than cost, thus potentially increasing the effective fee substantially Many fund companies allow switching within their group of funds without triggering a redemption fee

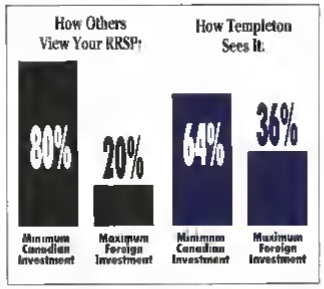
Over 40 per cent of the Canadian mutual funds do not charge loads The so-called no-load group, consisting primarily, but not exclusively of banks and trust company funds, are sold by registered salespersons within branches or through arrangements with brokers. Commissions can be a matter of semantics Many no-load funds pay a portion of the annual management fee, typically one-quarter to one-half, as a commission to staff or selling brokers. These "trailer fees" really are a sort of load, it is simply a matter of what you call it

Many funds are now offering a choice in some cases of as many a three different classes of shares or units in the same fund, each providing a different combination of sales commissions and management fees Options are good but make sure you understand what you are paying for Load and fees are not the most important criteria for selecting funds--your choice should be based on expected return and volatility. However, in choosing among similar funds the load may be a deciding factor If your investment strategy is to set an asset mix, buy mutual funds to match your needs and hold them for the long term, then more suitable fee package will normally be to pay the high-front load and the lower annual management fee If your style tends to involve substantial trading and turnover, a no-load fund with high management fees approach will often yield the best result.

Their RRSP needs are unique.
So is their Templeton MultiFund RRSP Account.



With retirement in sight, they know the value of diversificatlon – not just by type of investment but by location too So they sought an easy way to maximize global diversification of their RRSP with a Templeton MultiFund RRSP Account Now their one plan ensures maximum foreign investment almost twice the nominal limit And that's a good strategy for both growth *and* security Whatever *your* strategy may be, a Templeton MultiFund RRSP Account can help you fulfill it Call your investment advisor, mail or fax the coupon today



Important information about Templeton funds is contained in their respective simplified prospectuses Obtain a copy from your investment Advisor or from Templeton Management Limited and read it carefully before investing. Unit values and rates of investment return will fluctuate.

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Templeton
MULTIFUND RRSP ACCOUNT

OUR GUIDE TO MUTUAL FUNDS 17

Levels of Investor Protection

By Steven Kelman

Behind the scenes of a mutual fund company there are several levels of investor protection.

First, you can not just hang a shingle and offer a mutual fund Companies managing and offering funds must be registered with provincial securities regulators and meet strict financial requirements Officers and directors of such companies must pass several exams and meet minimum experience requirements The people who sell funds must complete at least one of several courses and be licensed provincially

As for the securities and any cash in a mutual fund portfolio, they are the property of the investors in the fund – the unit holders and not the fund The securities themselves are, in fact, held by a custodian which must be a major Canadian chartered bank or trust company; the fund cannot invest in or lend money to the fund manager nor to any associated company On top of that, each mutual fund has an independent board of trustees and each fund has an independent auditor responsible for reviewing the fund's financial statements.

Mutual funds are not deposit accounts and are not, therefore, insured by the Canada Deposit Insurance Corporation (CDIC)



"As the baby boomers continue to mature, our economy should see a change from a population of net borrowers to net savers, creating a boom for the financial services industry."

Industry Competition is Good News

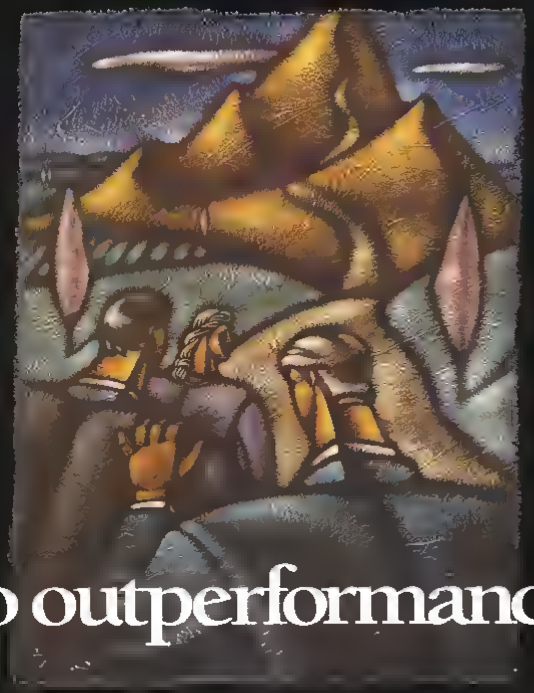
By Rob Colcleugh, IFIC

Increased industry competition is good news for investors who, as a result, are the direct beneficiaries of higher service levels and a greater choice of both funds and payment options In order to better understand the effects of this competition, The Investment Funds Institute of Canada (IFIC) commissioned Investor Economics Inc. to perform a comprehensive study of the mutual funds industry What they found was an industry that is already highly competitive and that will become increasingly so in the future. And although Canadian investors have enjoyed competition's effects, they are also beginning to see reduced investor costs through competition. According to the study, the mutual fund industry has taken centre stage on the financial scene lately and this is not likely to fade anytime soon. With moderate levels of inflation, long-term financial investments such as mutual funds should continue to be popular. Demographics also seem to favor continued growth. As the baby boomers continue to mature, our economy should see a change from a population of net borrowers to net savers, creating a boom for the financial services industry.

Already, the landscape of the mutual fund industry has been transformed. Witness the explosion of the number of funds, from just over 100 a decade ago to nearly 1000 today.

The result has been a significant reduction in market share for the largest funds and a decrease in the concentration of assets throughout the industry. Where the ten largest funds held 37 per cent of the market in 1988, today the ten largest funds hold only 18 per cent of the market. The tremendous success of foreign equity funds has sped up this transition. This erosion of market share has not gone unnoticed by fund managers who have seen their profit margins slimmed from 25 per cent down to 18 per cent. Some of the most dramatic effects of heightened competition have been on fund pricing. Costs can be broken down into two parts, load fees and management expense fees. Load fees are generally one-time fees that are paid when the fund is purchased (front-end load) or when it is sold (back-end load) or some combination thereof (optional structure) While a decade

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...to outperformance.

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JON KANTZ · THE FUND LETTER

Above all else, your RSP investments should outperform. Trimark's careful, proven, management approach can deliver consistent, superior returns over the long run. And that's the kind of performance your RSP investments should deliver if you want to enjoy a comfortable retirement. Talk to your financial adviser about making Trimark part of your personal financial plan. If you don't have an adviser, call us at **1-800-465-3399.**

TRIMARK MUTUAL FUNDS
WE MANAGE. TO OUTPERFORM.

Your unit value and investment return will fluctuate. Important information about any mutual fund is contained in its simplified prospectus. Read your prospectus carefully before investing. You can obtain one from Trimark Mutual Funds.

ago, nearly 90 per cent of industry assets were purchased through front-end loads, today, that number stands at only 7 per cent. At the same time, no-load funds blossomed from 15 per cent of industry assets to 45 per cent. Equally important is the typical front-load commission rate which has dropped from around 9 per cent to near 3 per cent. These changes mean investors can tailor their fund purchases to suit their individual needs and goals.

Another component of cost, management expense ratio, or MER, is the annual fee charged to your fund for professional management and administration. This cost was actually found to have increased by about 4 per cent annually over the past five years. Why are costs rising if competition is so stiff? Part of the explanation is that the increased number of foreign equity funds are averaged into this figure. Since they have higher costs of operation, it creates an upwards bias on the average. The other part is that some costs are rising because of the competition, particularly the costs of distribution and marketing. Fund companies are having to compete through commissions for the limited shelf space available in brokers' and dealers' businesses.

One question that has Canadian fund companies on the edge of their seats is foreign competition. Many of the huge fund complexes in the U.S. have lower MERs than their Canadian counterparts, suggesting the possibility of undercutting prices north of the border. However, Investor Economics suggests that the two markets are not as similar as they may seem. Fixed costs of operating in this country are somewhat higher due to different regulatory structures and language differences. Any entry into Canada is predicted to be in the foreign equity sector, where foreign funds can avoid much of these additional costs. For the time being, Canadian companies are concentrating on their own market. ■

YOUR MUTUAL FUND COMPANY SETS SOME VERY HIGH STANDARDS.

WE KNOW, WE HELPED SET THEM.

It has been said "You're only as good as the company you keep." We're The Investment Funds Institute of Canada (IFIC) and we keep some very good company. We are an association made up of Canada's mutual fund managers and dealers.

With our members we have established a code of practice to serve you, the investor. Our broad range of responsibilities includes helping you with a better understanding of mutual funds and developing and administering industry and public education courses. Canada's mutual fund industry sets some very high standards. We know we helped set them.

IFIC
THE INVESTMENT FUNDS INSTITUTE OF CANADA

And the winner is...

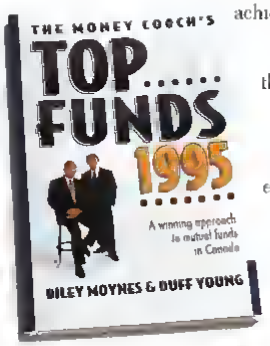
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RILEY MOYNES & DUFF YOUNG, AUTHORS OF TOP FUNDS 1995

Many are called but few are chosen. We at Dynamic are proud to be chosen 'Top Fund Company of the Year' Riley Moynes, best selling author of 'The Money Coach' and Duff Young, columnist with the Financial Times, teamed up to produce the definitive guide on the best performing mutual funds in Canada.

"Our choice for Fund Company of the Year is that mutual fund organization that has had the highest number of funds identified by our research as being top funds. This year's honour goes to Dynamic, which placed six funds on our list."

We at Dynamic are dedicated to achieving top performance for our investors and their financial advisors. Today, over 150,000 Canadians have entrusted us with more than $2.3 billion, invested among 18 separate mutual funds. If you would like to find out more about the 'Top Fund Company of the Year', call your investment advisor or Dynamic. And the telephone number is... toll free 1-800-268-8186.



DYNAMIC
MUTUAL FUNDS

World NOTES

MURDER AT THE CLINICS

Two women died and five other people were injured in separate shootings ten minutes apart at two abortion clinics on the same street in Brookline, Mass., a wealthy Boston suburb. The lone male gunmen, dressed completely in black, opened fire indiscriminately with a rifle, killing a receptionist at each of the clinics. He then fled in a car. At week's end, police were hunting for John Salvi, 22, a hairdresser trainee from nearby Hampton, N.H. Salvi's boss, Richard Griffin, described the suspect as a "very odd character," and said that Salvi is originally from Montreal.

CHOPPER PILOT FREED

A U.S. army pilot returned to his Florida home on the weekend after being held in captivity for nearly two weeks by North Korea. Pilot Bobby Hall said that he was well treated by his captors after they brought down his helicopter on Dec. 17 in North Korean territory. The communist government said the helicopter was on a spy mission, but the U.S. defence department said its aircraft accidentally strayed into North Korean airspace. Hall's co-pilot died in the crash.

ZAPATISTAS STAGE PROTESTS

Mexico's Zapatista rebels blocked roads and seized several airstrips to protest what they insist was the fraudulent election in August of a new governor in the southern state of Chiapas. Despite the skirmishes, there were signs that the Zapatistas were preparing to resume long-stalled peace talks with the Mexican government, which has promised to begin redistributing some large private landholdings in the impoverished state.

HIJACKERS KILLED

French commandos shot and killed four Algerian hijackers aboard an Air France jet at Marseilles airport, ending a three-day standoff and freeing 170 passengers and crew. The Islamic radicals had killed three hostages after seizing the jet in Algeria, demanding the release of jailed fundamentalists. In what may have been a revenge attack for the death of the hijackers, Islamic guerrillas in Algeria later murdered four Roman Catholic priests.

TEXAS IS NUMBER 2

Texas, which grew by more than a third of a million people between 1993 and 1994 to reach 18.4 million, is now the second-most populous state in the union, overtaking New York, the U.S. Census Bureau reported. The largest state is California, with 31.4 million people.



RATTLED: A 70-year-old woman covers her face with a muffler as she hurries to her daughter's house after a powerful undersea earthquake shook northern Japan. The quake, with an estimated magnitude of 7.5 on the Richter scale, tore up roads and destroyed dozens of buildings. The worst damage was in the coastal city of Hachinohe, where two people died in the collapse of a pinball gambling parlor.

Chechen war escalates

Amid fierce fighting and frequent aerial bombardment, thousands of Russian troops on New Year's Eve entered Grozny, capital of the breakaway southern republic of Chechnya, and were closing in on the presidential palace. Since Dec. 11, the Russian military has been trying to crush a separatist movement in the Muslim dominated region. But although his outmanned and outgunned supporters appeared incapable of halting the Russian advance, rebel leader Dzhokhar Dudayev showed no sign of backing down.

Holed up in an underground bunker as the Russian air assault raged overhead, Dudayev sent a telegram to Russian leaders, offering to talk peace. All along, however, the rebel chief has steadfastly refused to negotiate unless Russian troops withdraw from Chechnya. In Moscow, meanwhile, President Boris Yeltsin promised that Russian fighters would no longer target civilian areas in Grozny. But only hours later, Russian warplanes blasted a four storey hole in the city's largest orphanage, while the building's residents huddled safely in a basement shelter. The Chechens say that hundreds of civilians have died since the assault began.

Spy chief quits

In a letter to his boss, President Bill Clinton, he said that he was tired of working 18-hour days and seven-day weeks. But almost everyone in Washington assumed that there were more serious reasons behind James Woolsey's surprise resignation last week as director of the Central Intelligence Agency. During his two-year stint as the country's chief of spies, the 53-year-old Washington lawyer tried vainly to restore the agency's image in the aftermath of nearly a decade of treachery by Russian mole Aldrich Ames. But in the end, Woolsey appeared caught between wanting to improve morale at the CIA and satisfying the agency's critics in Congress, many of whom think it should be completely overhauled for the post-Cold War era.

BRANDS BITE BACK

Brand-name manufacturers are pulling out all the stops in the war against generic rivals



Grocery shopping in Quebec City: using new technology, retailers have learned to market their generic brands

For a small eight-page "magazine," the quality is remarkably high. With lavish color photographs reproduced on thick, glossy paper, the articles are a cat lover's delight, covering such topics as health-care tips from veterinarians and profiles of the trendiest breeds. But then, Friskies *Cat Club News* is no ordinary publication. Buyers of Friskies cat food can obtain a free subscription by filling out a form on the back of a can label and sending it to the publisher, Friskies PetCare Products. The ability to directly reach a specific target market makes the *Cat Club News* a highly efficient weapon in the arsenal that consumer products manufacturers like Friskies' parent, Nestlé Canada Inc., are increasingly deploying to develop and maintain customer loyalty. Frank Cella, chairman and chief executive officer of Nestlé Canada, acknowledges that having customers voluntarily supply their names and addresses is an excellent way to build up a valuable database. But, Cella told *Maclean's*, the consumer also benefits. "We only talk to people who want to talk to us—and they get information they can use."

In retail parlance, that strategy is all part of an effort by many big brand-name companies to add value and to build a "relationship" with the consumer. Companies like Nestlé are resorting to a variety of such weapons in their effort to stem the tide of private-label competitors. Over the past several years, decades of consumer loyalty to brand-name products has steadily eroded with the emergence of high-quality "no name" items. Those goods are less expensive because they are directly marketed in grocery stores, drugstores and other retail outlets, rather than through costly national advertising and marketing programs. In Canada, Dave Nichol, former president of Loblaw International Merchants, openly led the charge against what he called a "brand tax"—or the premium that consumers paid for a heavily advertised, widely recognized product name. Starting in 1984, Nichol, who is now president of soft drink maker Cott Corp., introduced Loblaw's shoppers to hundreds of No Name and President's Choice (PC) products, eventually exporting the concept and some of the products to the United States. As a result of such aggressive campaigns, branded product producers are now struggling to hold their ground by rethinking their approach to the multibillion-dollar business.

Private-label goods may now be an entrenched part of the Canadian retail landscape—accounting for 21.3 per cent of annual retail sales. But at least one marketing expert, John Hulland, a professor at the University of Western Ontario's school of business administration, says that the concept of branding remains alive and well—despite some fundamental shifts in the players and their game plans. President's Choice, he notes, is in fact another brand name, albeit one created by—and for—a grocery store chain rather than a packaged-goods giant. Says Hulland: "What *has* changed is the relationship between the retailer and the manufacturer. And for the first time, the retailer has the power." Retailers can blanket their own shelves with their own products, he notes, so that customers become familiar with those names—just as they would any other brand.

While the ferocious rivalry between private- and brand-label goods has been simmering on store shelves for years, until the 1980s generic-brand products were no more than lower-priced, lower-quality alternatives to the big brand names. With the development of sophisticated retail technology, however—specifically universal price codes and bar coding—the battle took on new dimensions. As that technology spread, retailers of all sizes were suddenly able to closely monitor which goods were selling and in what volume. Furthermore, that newly acquired information revealed that retailers—who were not encumbered by the high cost of advertising and promoting to "differentiate" their products in a broad market—could offer high-quality products at lower prices. Cott Corp., for instance, took on some of the world's most valuable brands, Coca-Cola and Pepsi, when Loblaw selected the small Mississauga, Ont.-based company to supply its PC Cola. When consumers noticed little difference in taste, but as much as a three-dollar-a-case difference in price, it quickly became Loblaw's best-selling pop. Today, Cott-produced products are available in seven countries and in more than 16,000 retail outlets.

To a great extent, retailers' forays into the branded-product market were assisted by the sluggish response of long-established brand-name manufacturers. Les Pugh, a consumer analyst with Salomon Bros. in New York City, says that complacent senior executives were largely "in denial" about the consumer appeal and the inroads made by private labels. Finally, on April 2, 1993, a day that Wall Street pundits have dubbed "Marlboro Friday," Philip Morris Cos. Inc. retaliated. Countering years of market erosion by cheaper generic rivals, it abruptly lowered the price of a packet of Marlboro and other brand-name cigarettes. But it was a costly move. Philip Morris's share price immediately plunged, and many shareholders, fearing other brand-name manufacturers would follow Philip Morris's lead, quickly began selling off a wide range of their consumer-goods holdings. That pulled down the stock price of the companies owning such fabled brands as Coca-Cola, Kellogg and Heinz. Within four months, 25 of the top makers of branded products had lost $65 billion in combined market value—a loss it took them months to recoup.

Since that shock, the big guns have devised a number of strategies to fight back. Some have scurried to develop a host of so-called line extensions, new products that are introduced under established banners. General Foods USA, for one, in 1990 introduced Jell-O Jigglers, a more concentrated form of Jell-O, the gelatin dessert first launched in 1897. Campbell Soup Co. and Nabisco Biscuit Co. opted to boost their advertising and marketing budgets. Other manufacturers have introduced new products or repositioned existing ones as their so-called value brands, a name brand priced to compete with a generic rival. Lever Bros., for instance, now flags packages of Pepsodent toothpaste and Lifebuoy and Lux soaps as "super values." Their differing strategies are starting to have an impact. According to Steve Buckley, director of marketing research at Nielsen Marketing Research of Markham, Ont., the rate of growth for store brands has slowed in recent months.

At the same time, branded-product companies have also started to aggressively eliminate products that are not among the top sellers in their respective categories. Edwin Artzt, chief executive officer of Procter & Gamble Co. of Cincinnati, has earned the nickname "The Terminator" for ruthlessly axing several of the company's established brands, among them Citrus Hill orange juice, Solo laundry detergent and White Cloud toilet paper. In all, Artzt vowed to purge 25 per cent of Procter & Gamble's stable of name-brand products. And Western's Hulland says that killing off slow sellers is something that will happen with even greater frequency. "If you are No. 1 or No. 2 in a category, you are probably OK," he says. "But if you are one of the also-ran brands, you will be squeezed right off the shelves. The retailers now want the No. 3-selling product to be their own."

In fact, one hotly debated issue in dealing with private label contenders is whether to fight them or join them. In many cases, branded-product companies have stopped fighting and begun to manu-

facture certain items for private-label firms. But Alfred Zeien, the CEO of Gillette Co., for one, claims that it is "a sign of weakness" to buy in. Instead, Gillette has fought low-priced competition by pouring money into research and development of a seemingly ordinary product, the razor. The result is the Sensor, a $3.50 device with twin blades mounted on tiny springs that outsells its nearest competitor 10:1. Gillette realizes real money when consumers refill it with Sensor blades.

Still, H. J. Heinz Co., 3M and Ralston Purina Group are among the many name-brand companies that do make private-label goods. (Philip Morris, for example, is the second-largest manufacturer of the generic cigarettes that it attacked with price reductions.) "There are really only a handful trying to resist the trend," says Brian Sharoff, president of the New York-based Private Label Manufacturers Association. He notes that 2,000 association members—including 1,150 from the United States and Canada, and 850 international exhibitors, primarily from Europe—displayed their wares at the organization's trade show in Chicago in November. Among them, the exhibitors manufacture goods that represent more than 80 per cent of 440 major product categories. And in 50 per cent of those categories, he said, a private-label brand was among the top three best-sellers.

To curb the growth in that sector, several brand-name producers have now developed specific policies about which goods they will manufacture under private label. Some brand-name companies, says Sharoff, will not make private-label goods for their home markets. Campbell's Soup, for instance, makes store-brand soup outside the United States, while Michelin makes generic tires outside France. At the same time, market leaders seldom make private-label competition for themselves. Heinz, which makes the top-selling ketchup in North America, does not make that condiment for retailers—but it does make store-label soups, Sharoff says.

For his part, Cella says that the key to success in this shifting market is the "value equation." He adds: "That means that your product offers the best combination of quality, service and price." And according to Cella, the "service" part of the equation is becoming more and more important to consumers. He defines service not simply as being polite or helpful, but as providing more than the consumer expects—including extras like the *Cat Club News*.

BARBARA WICKENS

'Tis the season

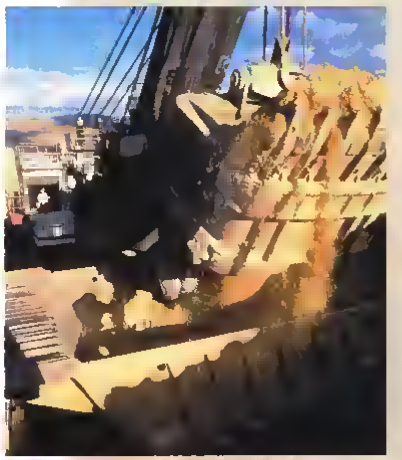


THE BOTTOM LINE

BY DEIRDRE McMURDY

At this time of year, business forecasts may be about as tempting as the seventh consecutive meal of leftover turkey bits. But Roman priests used to sacrifice birds—excluding turkeys, of course—and examine their entrails to get a reading on the days ahead. And there is something about the year-end mood of reflection and resolution that makes the urge to predict the future almost irresistible. The following, roughly according to business sectors, offers some prognostications for 1995. Cranberry sauce is optional.

Enough already: The time has definitely come for consolidation in one of the few segments of the financial services industry that is not totally dominated by the chartered banks: mutual funds. There are now over 1,000 mutual funds registered in Canada, and the gentle push to rationalize operations in this highly fragmented sector will become a firm shove in 1995. The Canadian brokerage firms, backed by the capital of their rich, indulgent parents, have already undergone this process. Burns Fry Ltd., which was taken over by the Bank of Montreal's Nesbitt Thomson Inc. last year, was one of the last large, independent firms to succumb. As in the securities business and, increasingly, insurance, the Big Banks will likely bolster their mutual fund assets with acquisitions throughout the year. The dance has already begun: in 1994, the Canadian Imperial Bank of Commerce bought a 55-per-cent stake in TAL Investment Counsel Ltd. Also, BPI Capital Management Corp. bought the Bolton Tremblay group of funds and then proceeded to merge six of its smaller funds.



Gold mining: rationalization rules

We'll shop till you drop: Despite the relentless chirping of optimists, 1994 ended with a whimper for Canadian retailers—again. Last week, the Pennington's clothing store chain followed the noble tradition of Christmastime collapse that was established in recent years by Woodward's and J. Michael's. Higher interest rates will cool consumer demand and at the same time, the pressure from slick, aggressive U.S. chains will intensify. After all, this is the year that Wal-Mart, Home Depot and Office Depot seriously gear up for business in Canada. The Gap will continue to squeeze chains like Thrifty's and Fairweather—both owned by Dylex, which is already under the gun from U.S. shareholders. One lingering question on the domestic retail scene is the family-owned Eaton's department store chain. Eaton's has long been the subject of rumors—including, most recently, takeover talks with J. C. Penney.

Defaulting towers: The ravaged real estate sector will not find firmer foundations in 1995, principally because of excess capacity. Although Canadian pension funds have begun to invest directly in troubled real estate assets, the pressure to perform could force them to sell out before a full-blown recovery arrives. In 1994, the major votes of confidence in Canadian commercial real estate came from Peter Munk, the gold-mining guru who salvaged Trizec Corp., and from Hong Kong investors who snapped up B-list office towers in Toronto's financial district.

Moving for gold: The name of the game will be rationalization for natural resources in 1995. American Barrick Resources Corp. bought its way into the future with the $2.2-billion takeover of Lac Minerals Ltd., and other Canadian mining companies will continue to invest offshore and grow by buying up smaller players. The same trend is also playing out in the forest products sector and in the junior oil segment of the oilpatch.

Trains and planes: Canada's two national airlines insist that 1995 is the year that they will finally become profitable. We can only trust that the long-awaited open skies pact with the United States—which Ottawa plans to deliver early in the year—will not ground either party because of heightened competition. As for Canada's two national railways, merger talks will resume and must conclude before they both become a National Nightmare.



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During the two week long '95 Games, spectators, both at home and on-site, will see:

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- **21 different sports in two Alberta cities.** Grande Prairie is the host Wheelchair Basketball, Alpine and Freestyle Skiing will be staged in Jasper.
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If antacids seem to do the job, you can put this ad down right now.

If diet and lifestyle changes have alleviated your symptoms, don't read another word.

If the medication your doctor prescribed is working, you can stop here.

But if despite it all, you still suffer from pain and heartburn; if you feel bloated after meals or have the feeling of food coming back up; if you suffer from gas and frequent belching–then it's time to put your stomach to the test.

Because like so many other people, your persistent symptoms may be caused by a motility problem.

TAKE THE MOTILITY QUIZ.

If you frequently suffer from stomach pain and/or heartburn, go through the list below and check off all the symptoms you have

- ☐ Pain/heartburn
- ☐ Bloating
- ☐ Difficulty finishing a meal
- ☐ Stomach discomfort during or after eating
- ☐ Need to belch
- ☐ The feeling of food coming back up or a bitter taste in the back of your throat
- ☐ Nausea
- ☐ Gas
- ☐ Medication doesn't work as well as you'd like it to

If you checked off another symptom in addition to your pain/heartburn, you may be suffering from a motility problem not excess acid.

When you see your doctor, ask about motility and discuss all your symptoms.

In addition to lifestyle and dietary changes there are treatments that can help

A stomach with poor motility lets food sit around, and even move back up, causing not only pain and heartburn but other symptoms like a bloated feeling, gas, belching, discomfort after meals and more.

Want to know if you may be affected by this problem? Just take the Motility Quiz. Then bring it along when you visit your doctor. And, as with any condition, be sure to discuss all of your symptoms.

While motility problems are common, they can be treated with dietary/lifestyle changes, alone or in combination with medical treatments. Just ask your doctor.

You could feel a lot better for it.

If you would like to receive more information on motility, write Janssen Education Division, P.O. Box 1772, Guelph, Ontario N1H 6Z9 or call

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A message from the Janssen Education Division

Business NOTES

BANK RATE UP, DOLLAR DOWN

As the dollar dipped below 71 cents (U.S.)—its lowest level in almost nine years—the Bank of Canada increased its key lending rate by 39 basis points to 7.43 per cent, the highest in two years. Analysts also attributed the hike to uncertainty over the future of Quebec and what the federal government will announce in its February budget.

A RED CHRISTMAS

Pennington's Stores Ltd., a Toronto-based retailer of large-size women's clothing, was forced into bankruptcy by one of its creditors. The national chain of 143 stores and about 1,000 employees had been trying to restructure its debts under the Companies' Creditors Arrangement Act. Creditors said that the company needed about $5 million to stay afloat.

A VOTE ON THE FUTURE

Unionized workers at Sault Ste. Marie, Ont.-based Algoma Steel Inc., one of Northern Ontario's biggest employers, were to vote this week on a tentative agreement that could see their shareholding cut to below 50 per cent. Algoma was on the brink of financial collapse in 1992, but it pulled through after its union, the United Steel Workers of America, promised labor peace until mid-1996 and accepted significant wage concessions in return for 60-per-cent equity ownership. Negotiations for a new agreement began early because Algoma wants to issue additional shares to raise $500 million to modernize the plant.

FLYING IN THE BLACK

The world's airlines are poised this year to make their first, however small, collective profit since the recession began, although problems remain for many individual carriers. Overall, the industry lost more than $22 billion during the past five years, in part because of overcapacity that resulted when airlines expanded in the late 1980s. Current industry forecasts indicate that passenger traffic worldwide will grow at an average annual rate of 6.6 per cent in the next four years.

A TAXING TIME

A second prominent cabinet minister has warned Canadians that taxes may go up. Revenue Minister David Anderson told a Victoria radio station that a tax hike may be necessary to help reduce the federal deficit. Finance Minister Paul Martin has said he would rather raise taxes than miss his target of reducing the $40-billion deficit to $32.7 billion by 1995-1996.



JON MURRAY/THE CANADIAN PRESS

TURKEY TERRORISM: Federal officials in Vancouver examine a turkey after a previously unheard-of "Animal Rights Militia" claimed some had been injected with rat poison in stores to "avenge the mass murder" of millions of Christmas turkeys. Two grocery chains, Safeway Canada and Save-On-Food, forfeited about $1 million worth of turkeys in returns and lost sales. The inspectors ultimately concluded that it was virtually impossible to inject a poison into frozen turkeys.

Peso under pressure

A sharp devaluation in the Mexican peso over the past few weeks precipitated a financial crisis for Mexico's new government. Between Dec. 19 and 27, the currency fell by 39 per cent before stabilizing. That collapse—and the dramatic increase in Mexican interest rates to over 35 per cent—led to the resignation of Finance Minister Jaime Serra Puche last week. It also brought representatives of the Group of Seven industrialized countries together to discuss an emergency rescue plan. A special mission from the International Monetary Fund also headed to Mexico City to consult with the government about stabilizing the country's financial situation. Mexico's currency reserves were wiped out by the market gyrations.

Serra, who was the lead Mexican negotiator for the North American Free Trade Agreement, was replaced by Guillermo Ortiz, who headed the communications and transport ministry. The volatile peso also brought pressure to bear on the Canadian and U.S. dollars. In addition to being a major trade partner under NAFTA, Mexico has substantial lines of credit with both the United States and Canada.

Marching on

Beleaguered real estate company Cadillac Fairview Inc. of Toronto must develop a restructuring proposal that will satisfy creditors by a court-imposed Jan. 31 deadline. According to company spokesman Patrick Howe, the company has no intention of liquidating its assets, despite a debt of over $7.6 billion. Instead, Cadillac Fairview plans to press ahead with its own plan to reduce debt by selling equity to investors. New York City brokerage firm Goldman Sachs, which owns 28 per cent of that debt, is pushing a rival restructuring bid. Cadillac Fairview controls major properties across Canada, including the Eaton Centre and Toronto Dominion Centre in Toronto, Portage Place in Winnipeg and Pacific Centre in Vancouver.



The PQ's plan—more baloney than pâté

BY PETER C. NEWMAN

Parizeau wants Quebecers to curse Ottawa and ridicule Toronto. Hell, that's what being Canadian is all about.

Back in 1968, when the Americans had been defeated beyond recall in the rice fields of Vietnam but were too proud to admit it, George Aiken, a moderate Republican senator from Vermont, put forward an ingenuous solution. What Americans ought to do, he said, is to declare the war over, and claim victory.

That suggestion deserved the ridicule it received, particularly when, at the Vietnam war's end in 1973, defining TV shots of the petrified survivors of U.S. power being rescued by helicopter from the rooftop of the American Embassy in Saigon were broadcast around the world. (The scene refuses to die, having been revived recently as the pivotal scene of the musical *Miss Saigon*.)

Now comes along Jacques Parizeau to replay that loopy scenario. His referendum tactics are a direct steal from Senator Aiken. Instead of allowing Quebec's citizens to openly decide whether or not they support separation, he plans to unilaterally declare victory by having the National Assembly pass an edict that "Quebec is a sovereign country." Period. Only as an afterthought will voters be allowed to express their feelings about what, by then, according to Parizeau's plans will be a done deal.

For the first time in her life Sheila Copps was guilty of understatement, when she branded the PQ strategy as "antidemocratic fraud." It's more like rancid baloney masquerading as pâté de foie gras. A desperate ploy by a bush-league Machiavelli, the Parizeau gambit is not, as many commentators claim, too clever by half. It's too stupid by half, because if there's one thing Quebecers have demonstrated over and over again, it's their collective wisdom of voting in their own best interest. That was true in the 1980 referendum, and it will be true in this one.

So far, no one, least of all the leader of the Parti Quebecois, has been able to demonstrate a single advantage of statehood for the people, as opposed to the politicians, of Quebec. An independent Quebec, Parizeau has promised, will keep the Canadian dollar, its citizens will retain Canadian passports, and the newly independent republic will belong to the Commonwealth, NATO and NAFTA. It will encourage its citizens to curse Ottawa and make fun of Toronto. Hell, that's what being Canadian is all about. Why not follow Aiken's advice all the way—declare that Quebec is independent and all get back to our knitting?

The Parizeau logic would have us believe that the transition to independence would be so smooth hardly anyone would notice it. The only real change will be in his own status. Instead of being the lowly premier of an important province, he would become the exalted president of a marginal republic, able to bore United Nations assemblies with his avuncular lectures and fly the Fleur-de-lys from the right fender of his limousine. He would at last be officially installed in his Quebec City presidential palace, instead of merely living in a donated house that looks like one.

None of Parizeau's calming homilies are true, of course. If Quebec were to become independent after the referendum, everything would change. The Canada we know and love would vanish as a viable state. Our geography, outrageous to begin with but always held together by its coast-to-coast-to-coast metaphor, would become unmanageable. The gaping hole where Quebec once flourished would tear the country into many pieces. Whatever means used by Quebec, legal or illegal, to leave Confederation would have to be made available to the other provinces. British Columbia and Alberta, together or apart, would soon follow, becoming either Pacific Rim principalities or northern extensions of the new Cascadia, already forming across the Canada-U.S. border on the Pacific coast.

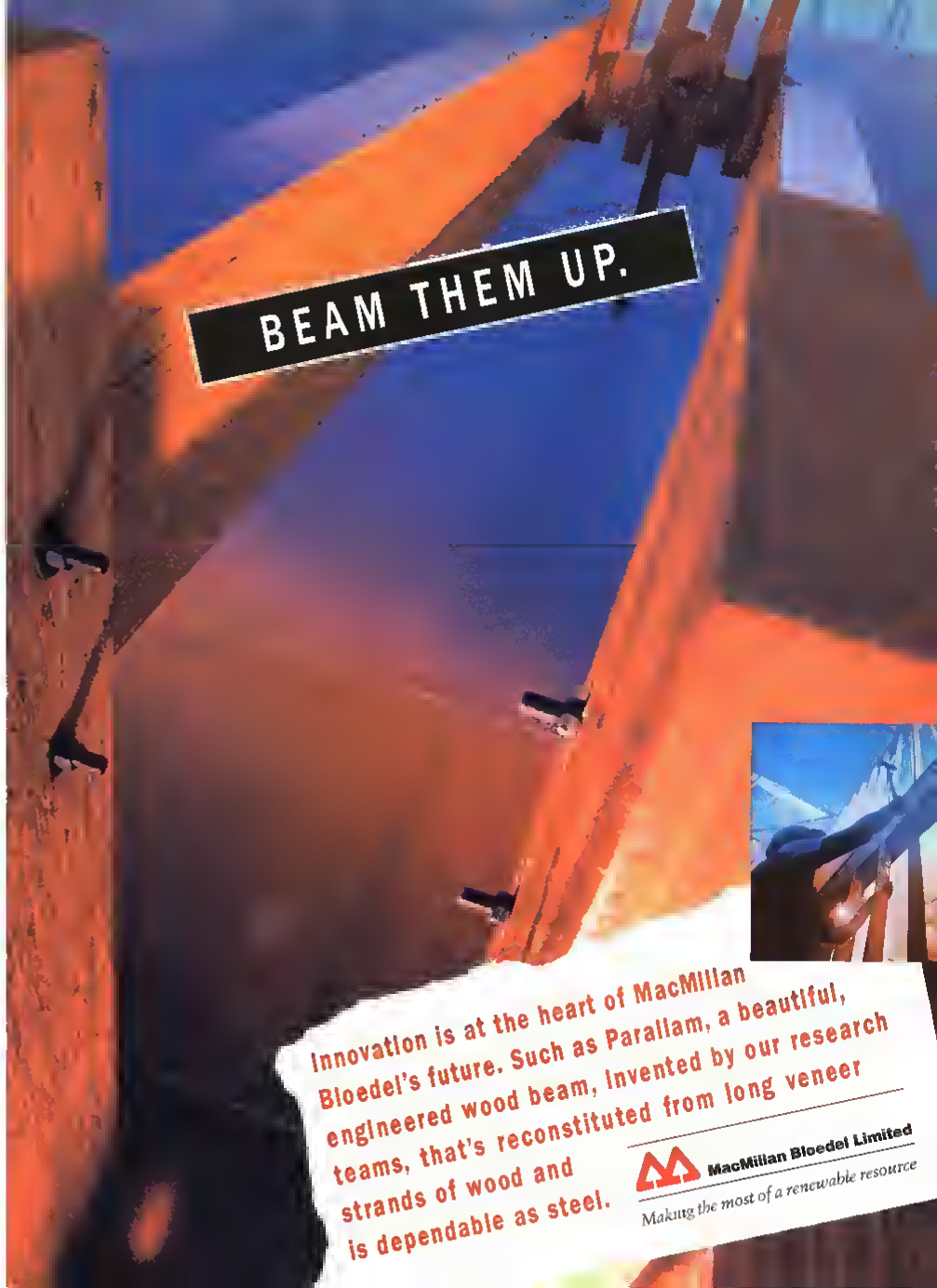
Ottawa's tactics to prevent this strategy are either dumb or naive, certainly they are grossly inadequate. They remind me of a Robin Williams sketch in which he parodies Britain's traditionally unarmed police constables. Faced by an escaping bank robber, the cop shouts "Stop!" Nothing happens. The thief keeps running. "If you don't halt immediately," comes the warning from the law, "I'll shout 'STOP!' again!"

This seems to be the beginning and end of Jean Chrétien's strategy. "For Quebec to separate from Canada would be completely illegal and unconstitutional," he keeps repeating, as if it were some mountain dweller's mantra. He is right of course, but the world works according to different rules. It's not easy to find a country that in recent times has separated from its former motherland by adhering strictly to legal and constitutional means. Countries get born through revolutions or some charismatic leader declaring to the world community: "Hey guys, guess what? We've just become a country. Let's party."

Some more thoughtful Quebecers maintain that the referendum is more important than its outcome. "The morning after," I was told by Claude Frenette, a leading Montreal businessman and onetime president of the Quebec Liberal Party, "no matter how the vote goes, we will have to redefine our relationship to Canada. We can no longer, any of us, keep carrying the burden of our public debts or perpetuate a social net we can no longer afford. Most important of all we have to give our young people some reason to believe in their country. It's back to the future. We establish a regime and then try to analyze what our roots are. At the moment, there is little vision either in Ottawa or in Quebec City, because both their views are too narrow."

One of the serious problems crippling the federalist option in the referendum debate is the bias of Quebec's French media. When Parizeau gave away his secret agenda in an interview with the *Los Angeles Times* ("Get me half a dozen Ontarians who put their feet to the Quebec flag, and I've got it."), the Presse Canadienne news agency in its account of the exchange preceded the premier's comment with the qualifier "Even if he doesn't wish it." Parizeau never said that, or presumably thought it.

When journalists try to improve on what politicians say, we're all in trouble.



BOOKS

The examined life

Doris Lessing writes a thrilling memoir

UNDER MY SKIN
By Doris Lessing
(HarperCollins, 419 pages, $35)

There are a few books so full of intelligent life that they throw the reader into the arms of a paradox, they compel both rapid page-turning and a desire that they never come to an end Doris Lessing's new autobiography, *Under My Skin*, is just such a book The first of a projected two volumes, it follows the British novelist from her 1919 birth in the Middle East, through her youth on an African farm, and up to 1949, when she left for Britain with the manuscript of her first novel, *The Grass Is Singing*, tucked in her trunk.

Under My Skin is not Lessing's first foray into autobiography Early in her career, she published *In Pursuit of the English* about her difficulties as a colonial living in England That book had a self-conscious literary quality, every paragraph neatly constructed and polished *Under My Skin* shows just how far the 75-year-old author—whose novels include *The Golden Notebook* and *The Good Terrorist*—has come as a writer The book prickles and seethes with the eccentricities of Lessing's personality It questions its own claims to truth, interrupts its narrative to speculate on historical issues, and alternates lyricism with psychological investigations and complaints about the stupidity of the human race In other words, *Under My Skin* has the roughness of real human thinking And above it all Lessing's dry, magisterial intelligence presides like a ringmaster at a circus that runs just at the thrilling edge of control


Lessing ringmaster

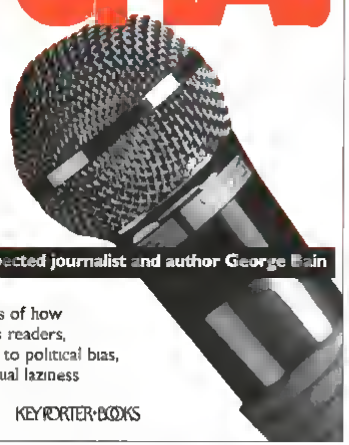
She was born Doris Tayler in Persia (now Iran), where her English father worked in a bank In 1924, the Tayler family moved to Southern Rhodesia (now Zimbabwe) and took up farming Lessing grew up in a thatch house and loved exploring the dry African bush—often alone, and often in bare feet, despite the presence of poisonous snakes Her parents were decent and hardworking, but they carried considerable emotional baggage Lessing speculates that her own frequent feelings of rage and disappointment as a child were absorbed from her father He had lost a leg in the Great War and never ceased to rave about the futility of that conflict, and about the madness of the human race generally

Lessing was close to her father, but her relations with her mother were catastrophic Emily Tayler was a woman of great energy who poured the unused ambition of an abandoned nursing career into raising Lessing and her younger brother Doris found her overbearing and manipulative, and reveals that she spent much of her youth in "a cold flame of hatred" for her mother Lessing also writes with an engaging candor about her budding sexuality "I was in a fever of erotic longing," she says—and goes on to state that "some girls ought to be put in bed at the age of 14, with a man even as much as ten years older than they are This is what should have happened to me "

Nevertheless, Lessing did manage to launch herself earlier than most into adult life She quit school at age 14 and spent much of her time visiting and working on neighboring farms She was also employed as a nursemaid and telephone operator in Salisbury And she was writing—bad apprentice novels inspired by D H Lawrence and the great Russian authors At 19, she married Frank Wisdom, a civil servant, ruthlessly stealing him from another woman (she speaks with half-admiring amazement of her predatory sexuality, her untrammeled delight in her own body) They had two children, but when the marriage deteriorated, Lessing abandoned them both, giving them to another woman to raise (her comments about this episode suggest she is not at ease with her decision even now)

In 1943, she married Gottfried Lessing, a German expatriate They were both Communists, and much of the last part of *Under My Skin* describes their political circles during the Second World War the hard drinking, the frantic socializing, the adherence to political beliefs that now seem to Lessing puerile and dangerous Gottfried and Doris were sexually and emotionally incompatible and they, too, divorced, leaving Lessing with a single child, Peter, whom she took to England in 1949 Sadly for the reader, *Under My Skin* stops there—leaving behind the imperishable afterglow of a classic

JOHN BEMROSE

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TELEVISION

Maternal damnation

A TV movie re-creates a chilling scandal


MARNI GROSSMAN
Young: a wolf in crusader's clothing

BUTTERBOX BABIES
Directed by Don McBrearty
(Jan 8, 8 p m., CBC TV)

If ever a true story seemed a natural for the lurid style of made-for-TV movies, it is the tale of Lila Young Near Halifax during the 1930s and 1940s, Young, a midwife by training, along with her chiropractor husband, William, operated the Ideal Maternity Home, a refuge for unwed mothers that—despite its name—more closely resembled a house of horrors than a house of charity. Before it was shut down in 1947, the couple amassed a small fortune by illegally selling the babies of their unfortunate clients to the highest bidders. The children that Young could not sell, because of illness or birth defect, were deprived of adequate medical care or basic nutrition And when they died, Young had them buried in her yard, using wooden dairy boxes as small coffins.

Such is the gruesome subject matter of *Butterbox Babies*, a CBC TV movie based on the book by Bette Cahill Created by Toronto-based Sullivan Entertainment (*Road to Avonlea*), the film is a cut above standard movie-of-the-week fare It avoids wallowing in the misery of the victims and instead focuses on the character of the villain The result is a fascinating examination of a woman who descends in to a hell of ambition, pride and greed while maintaining the best of intentions.

Heading a uniformly fine Canadian cast, Susan Clark creates a complex portrayal of Lila Young, making her almost likable—at least in the beginning. Armed with fundamentalist Christian beliefs and an acid tongue, Young is a kind of protofeminist, taking on a hypocritical society that would rather ignore illegitimacy and striking out against a male-dominated medical establishment. But as a provincial health inspector, played with chain-smoking cynicism by Michael Riley, uncovers the horrors taking place behind the Ideal Maternity Home's whitewashed walls, Young is gradually revealed as a wolf in crusader's clothing

If *Butterbox Babies* has a fault, it lies in its failure to more fully present the extent of her abuse But such tact also points to the movie's central strength By concentrating on the character rather than the crimes, *Butterbox Babies* offers a non-sensationalized treatment of a sensational scandal—and a chilling exploration of the nature of evil

JOE CHIDLEY



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COLUMN



A home at the end of the journey

BY ALLEN ABEL

Disparate worlds collide as people from every corner of the earth collect to pledge their allegiance to a new home

On an early winter evening in the bottomlands of Toronto's untamed River Don, 70 would-be Canadians file into a blinding bright conference room and take their seats in the alphabetical order of their mutually incomprehensible names. Outside, a first frosting has rendered this quadrant of the city even more picturesque than usual. The coatracks are crammed like Tokyo commuters, overshoes slump limply on the floor.

The 70 are to take the Oath of Citizenship, pledging allegiance to the woman in England—and her lovelorn son and *his* son and so forth forever—who still embodies the vast, infant Canadian state. In front of the oath-takers, a speaker's podium has been set up, and there is a small desk on which are piled the certifying documents, emblazoned with Lion and Unicorn, that each new citizen will receive. I'm a little nervous: my throat a bit dry. I am one of the 70.

Now the clerk of the court comes out, a tall, energetic woman in billowing robes, dashing around like a refugee claimant from the cast of *Sister Act 2*. The ceremony will begin soon, she announces. When the oath has been sworn, she instructs, we new Canadians are to proceed from our seats in a seamless serpentine to shake the hand of the presiding judge and then, doing a single axel in front of the podium, we are to return immediately to our assigned chairs. All of this is to be accomplished swiftly, to leave more time for speeches.

Photography is permitted, the clerk says, but not during the swearing of the oath itself. This act, it seems, is as sacred as the fox dance of the British Columbia Musqueam, and snapshots would defile the affair. But Beta cameramen from local television stations are here, and they will roll right over the taboo, and no one will complain or try to halt them.

Allan Fotheringham is on assignment

It is International Human Rights Week, so the ceremony is to include more ceremony than usual. Decorated dignitaries from various ethnic communities of Metro Toronto have been invited to witness the swearing-in and then—it is a lovely touch—they are to reaffirm their own loyalty to Crown and Canada by taking the oath themselves. A red-coat Mountie stands at crisp attention, and officers of the Canadian Jewish Congress warmly greet each immigrant family. It is they who are hosting this group naturalization, here at their modern headquarters in this snowbound suburban vale.

I study my fellow foreigners as they arrive, and I try to guess which ones are war orphans and day laborers and entrepreneurs, and which ones are gangsters and welfare cheats. Tonight's new Canadians, we are informed, have come from 27 countries, borne by the strange and sweeping currents of life to unite, for this brief instant, in the saying of 43 words. Then, we will scatter into the infinite city, to meet again in fear or fellowship only at bus shelters, and some other less Toronto-centric place. But around me now, as the presiding judge arrives and the crowded room falls to a hush, I see the faces I have faced as a foreign correspondent in the refugee camps of Kurdistan, the back alleys of Havana, the cages in Hong Kong that hold escaped Vietnamese. It is a swirling sensation—that I have been sent from this city to their worlds and now their worlds have joined with mine.

(An hour earlier, I had thought: this is the night I finally leave Brooklyn, my home town, behind me. But then, my wife and I had jumped into a taxi to make the ceremony on time and it had been outfitted with a bullet-proof partition between driver and passenger, an emblem of the new urban Canada. No one spoke; I stared glumly at the snow. Brooklyn had followed me north.)

The presiding judge greets us. An immigrant herself from some European duchy, I cannot locate her accent—Latvia? Luxembourg?—she has performed this procedure manifold times but her voice still swells with proud anticipation. We are gaining a new country, she tells us. The gifts of this land will be limited only by the capacity of our hearts.

We stand at the clerk's command and begin the affirmation, some of us mumbling, some nearly shouting, others utterly lost in the antiquated Anglophile creed ("I will be faithful and bear true allegiance . . . "). The cameras are on us. We will observe the laws of Canada, we utter. We will fulfil our duties. We will remain standing and do it all over again, says the presiding judge—in French.

The slow parade to the podium begins. I clasp the judge's hand, receive my Commemoration of Canadian Citizenship. Now, the Canadians who have been citizens for longer than six minutes are invited to restate their vows. In the Peanut Gallery to my right, I see my Canadian wife with her right hand raised, serenely chanting along. But I am already contemplating the fruits of by neonate heritage: seats on royal commissions, diplomatic postings to warm, benign republics, poets' allowances, jury duty. Shaking me from this reverie, *O Canada* begins, sung by two young stars of *Miss Saigon*.

The ceremony is over. We take our coats and re-enter the intemperate night. Shivering, our teeth playing marimba melodies, we give up on the bus after a couple of minutes and hail another cab. I slide in, expecting more anticrime plastic, more mistrust, more silence.

Instead there is a slim, blushing Arab in the driver's seat and a giggling Chinese woman right beside him. They both are in their 20s, lost in laughter. Turning east on Sheppard, skating sideways on the pond, the pilot turns around to shake my hand and to introduce his companion.

"Don't be afraid," the driver says. "This is my girlfriend."

"Congratulations!" I tell him. I'm thinking: Maybe this place *can* work.

Allen Abel is a reporter with CBC's Prime Time News *and a Canadian citizen*



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